

**SGL-18/Sec/2023-24****03rd July, 2023****National Stock Exchange of India Ltd**
Exchange Plaza, 5th Floor
Plot No.C-1, Block G
Bandra-Kurla Complex
Bandra (E),
Mumbai 400 051**BSE 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 2022-23 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 2022-23.

The copy of the Annual Report is also available on the website of the company viz., <http://www.shanthigears.com/annual-reports/>

This is for your information and records.

Thanking You,

Yours faithfully,

For Shanthi Gears Limited

Walter Vasanth P J
Company Secretary & Compliance Officer

**Building a
Better Tomorrow**



Shanthi Gears Limited

50th Annual Report

2022-23



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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
PAS2ION
 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.

Shanthi Gears at a Glance

Shanthi Gears Limited (SGL), a subsidiary of Tube investments of India Ltd has been a leading player in Industrial Gearboxes with specialisation of Customised solutions over five decades. Today, through strategic innovations aimed at diversifying its customer segments, the Company steadfastly addresses requirements of multitudes of Industries like Steel, Cement, Thermal & Wind Power, Mining, Transportation, Construction etc.

Shanthi Gears have brought the highest standards in precision design and manufacturing to deliver superior performance to the customers. With State-of-the-art Engineering & manufacturing facilities, highly skilled professional resources with honed capabilities, we also execute VAVE (Value Addition and Value Engineering) of existing gears and gear boxes for diverse application.

Under the Shanthi Rebuild brand, we have a full-fledged and experienced team, spread across India, to reach customers on time and provide end-to-end solution. We undertake refurbishment of any make Gearboxes, develop spares through faster processing to help customers in reducing the equipment down time. Also, we deploy full time On-site manpower to cater gearbox assembly, commissioning and maintenance requirements.

Shanthi Gear Limited is the first Indian Gear Manufacturing company to get the AS-9100D certification for supply of components to Aerospace and IRIS certification (ISO/TS 22163:2017) for supply of Railway components.



One of the Asia's largest Industrial Power Transmission solution provider, powering Sustainable Growth

From the Desk of the Chairman

“We remain committed to deliver quality products and services for Building a Better Tomorrow”



Dear Valued Shareholders,

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

On Behalf of the Board of Directors, I am delighted to present to you the 50th Annual Report of Shanthi Gears Limited (SGL) for the Financial Year ended 31 March 2023 (FY 2023).

In the last decade, SGL has embarked a journey of growth and achievement. However, our path to success has not come without challenges. Like many engineering companies, we faced setbacks and obstacles along the way. We expanded our offerings to encompass institutional sales and business services, diversifying our portfolio and strengthening our market presence. The learnings, the challenges faced and overcome, and the victories make us ever grateful for the path we have walked and for the people who show up every day as one family to help achieve sustainable success at scale to build an unshakeable foundation for a better tomorrow.

We experienced internal restructuring of our business model, a critical step towards enhancing our operational efficiency, we strengthened our leadership capabilities and grew our revenue steadily through empowerment of our team towards a collective profitable future.

In FY 2023, SGL achieved a record-breaking revenue of ₹ 446 crores, with a Profit Before Tax (PBT) of ₹ 90.2 crores, marking a 54% increase over previous year.

The year FY 2023 has been a remarkable year for all of us here at SGL. Despite the challenging economic environment, our business has been on a steady growth track. We achieved this by aligning to our customers' vision, focusing on growth, and we remain committed to deliver quality products and services for “Building a Better Tomorrow”.

The growth and success of a company depends primarily on its people. With our strong belief in the power of learning, SGL has conducted various people development programs like TII Edge TII Thrive and Grow Within to contribute to their career growth and strengthen the leadership capabilities of our teams.

We have achieved extraordinary growth together, and I express my sincere gratitude to every employee and management team member for shaping our success story with their dedication, teamwork, and commitment. The Members of the Board have been a great source of strength in our success path and to the Company's management. I thank them for their active involvement, guidance, and support. I am also grateful to our valued customers, channel partners and other stakeholders for their collaboration and continued support.

Lastly, I would like to express my gratitude to all our shareholders for the trust shown in our growth strategies and confidence in SGL.

Sincerely,
M A M Arunachalam

Building A Better Tomorrow

The Road Travelled

Across our extraordinary 50-year odyssey, our achievements have diversified across industries and regions

We constantly strive to:



Learn



Explore



Evolve



Revolutionize

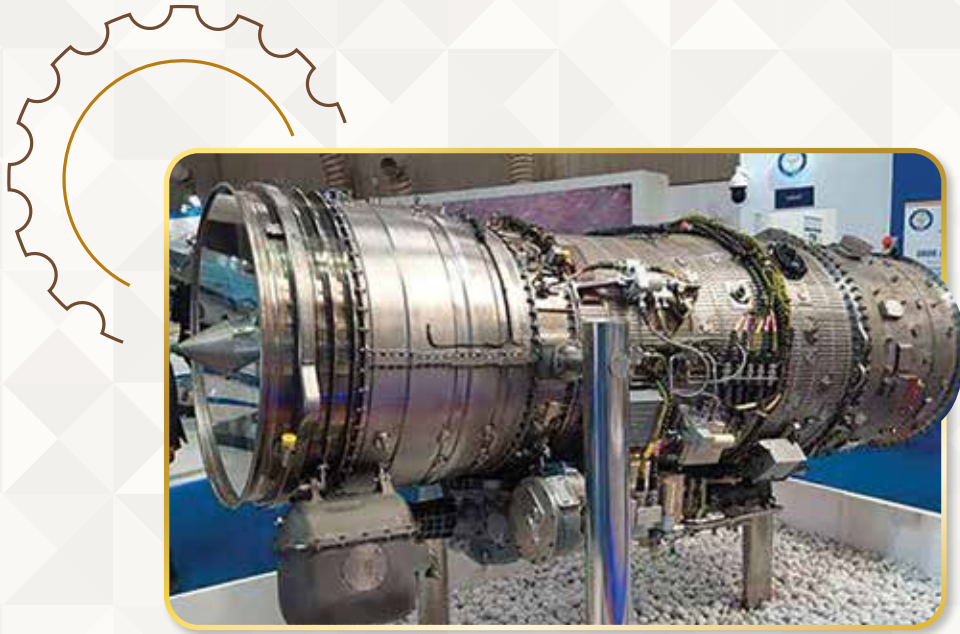
At the heart of our industrial capabilities lies a relentless pursuit of excellence, where employee intelligence and unwavering perseverance fuel our drive to surpass boundaries.

Together, we forge a legacy of precision and innovation that propels industries forward.

Building A Better Tomorrow

Breaking The Barrier

We have built credentials to successfully manufacture and test gearboxes at speeds exceeding 1 Lakh RPM which is a significant milestone in the gearbox industry.



First Mover Advantage

We are the pioneers to develop and supply Traction Gears and Pinions for High Speed rail application

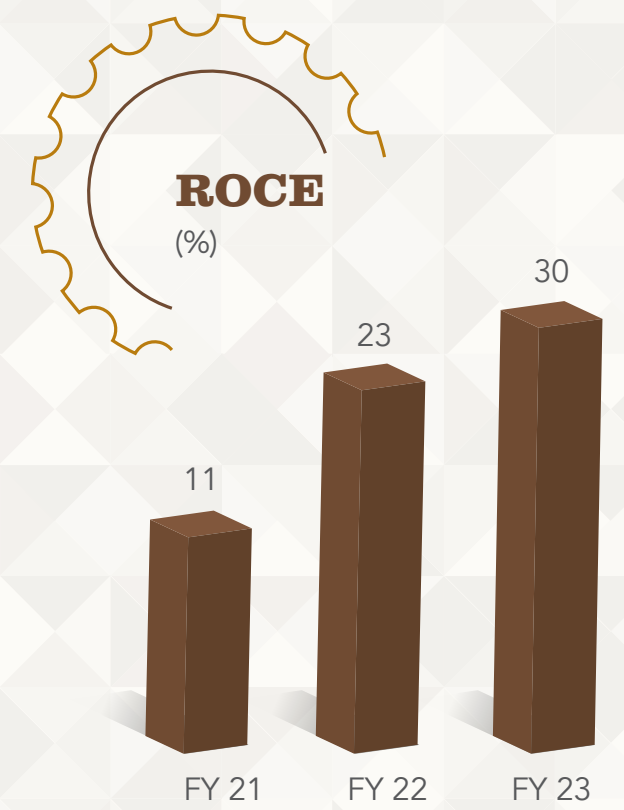
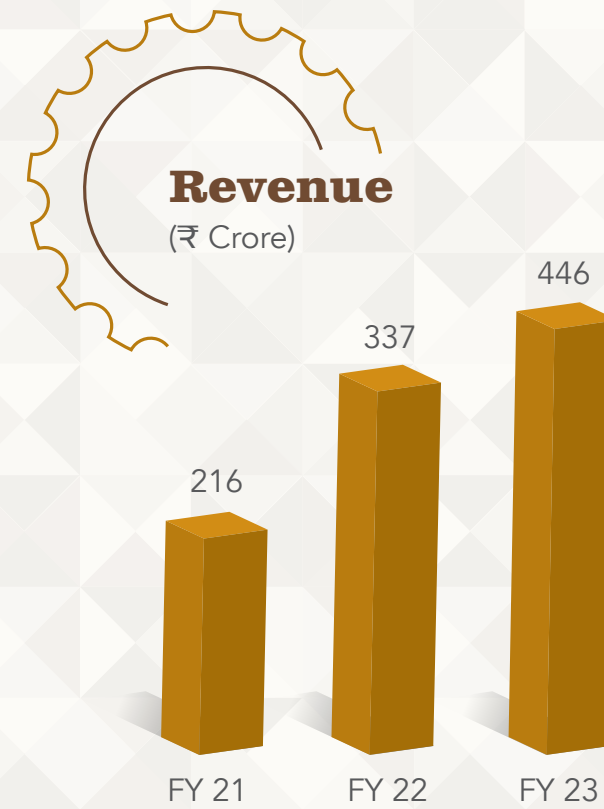
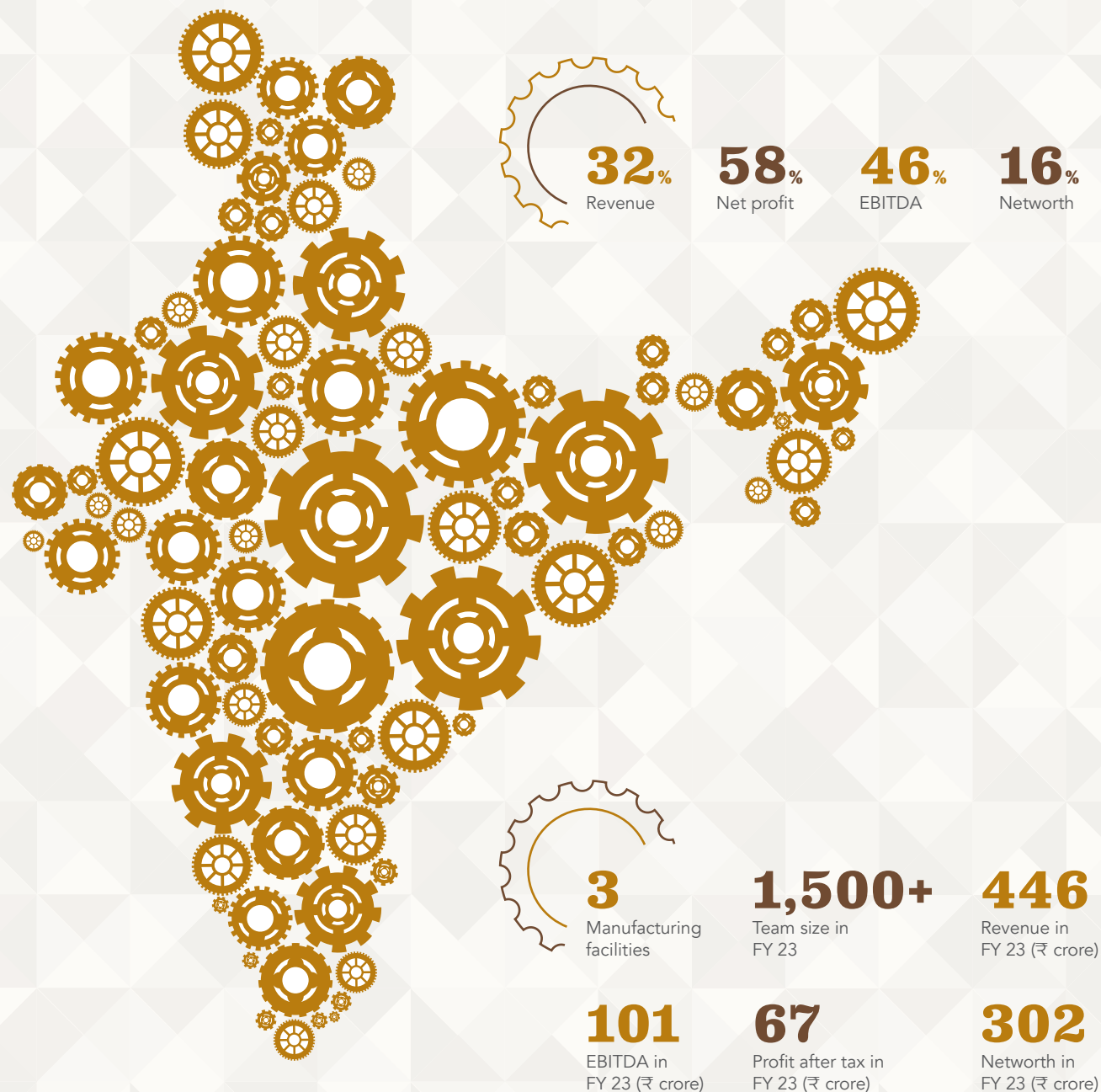


Building A Better Tomorrow

Indigenous outlook

Our business encompasses the need for developing indigenous products. Towards this objective we have offered indigenous gearboxes for steel, cement, mining and construction segment which was hitherto imported.

With our rich engineering expertise, we are raising hands for the vision of Make in India.



Building A Better Tomorrow

Passion our heartbeat

We offer Gearbox service for Multi Brands thereby exhibiting our interest and desire to keep low down time and assure our care towards customers.



Solutions that Stand the Test of Time

We go beyond boundaries to integrate power transmission products like motor and couplings to offer total solutions for turnkey projects to the industry, reducing the vendor base for the buyer and offers single point contact and responsibility

Our supply pattern predominantly offers customized solutions for key industrial segments like mining, mineral, metro, construction, power of our which is unique in the Gearbox Industry.



Building A Better Tomorrow

Employees: the driving force Behind Our Success!



Grow Within

We believe in elevating internal talents in various positions that arise from time to time.



TII Thrive

An initiative from TII to enhance the people management skills amongst the growing talents. 22 of our team are part of this learning journey at prestigious business school.



TII Edge

An initiative by TII to groom and build selected talents for leadership roles across all BU's. 5 of our Top talents got an opportunity to be part of this learning journey in the leadership programs at prestigious business school.



Shanthi Gears believes in "Growing Talent WITHIN"



Building A Better Tomorrow

More than just an engineering company, a family.

At Shanthi Gears, our wellness program is an initiative designed to support the wellbeing of our employees from a mental, physical, and emotional perspective. We care about our employees and believe that their health and well-being are essential to their success.

Blood Donation Camp

The reason to donate blood is simple: it saves lives. In fact, every two seconds of every day, someone needs blood.

As part of 73rd Founders Day celebration, we had organized a blood donation camp on September 23, 2022, at our C unit campus. 76 of our employees donated their blood for this noble cause.



Eye Screening Camp

Our workers are largely engaged in heavy engineering works, where it is important to have healthy eyes in order to be safe at all times. Eye exams play a significant role in helping our employees to keep their eyes healthy and their vision clear.

In order to support our employees' eye health, we organized an eye screening camp at our factory premises on September 3, 2022, at C Unit, and on September 9, 2022, at F Unit. We received an overwhelming response, with 223 beneficiaries participating in the camp.



Building A Better Tomorrow

Celebrating our successes, together - SGL's Way.

Pongal Festival

It's time to celebrate Pongal!



Christmas Joy

Pomp galore!
A peek into
our Christmas
festivities.



Karthigai Deepam

Spreading Positivity
and Light.



Women's Day

Honoring the strength,
resilience, and achievements of
women at Shanthi Gears.



Building A Better Tomorrow

Corporate Social Responsibility

Giving back gears us forward

Businesses cannot be successful when the society around them fails. Yes, it is our responsibility to contribute and grow society along with us as we grow.

Following are the initiatives we undertook during the Financial year 2022 – 2023 for constructing of society.

2 Classrooms for
Government High School
@ Kannampalayam (near F unit)



Government Primary School

Classrooms renovated
@ Muthalipalayam (near C unit)



Garbage Battery Vehicle distribution

@ K. Krishnapuram Village (near F unit)



Building A Better Tomorrow

EHS Training

Forklifts

We are first in the region to install **Artificial Intelligence** technology in electric forklifts to prevent of Man Machine collision.

70 % of our forklifts are converted from Diesel to Electrically operated.



Fire Drill

Fire Drills an essential practice at SGL.



First Aid Training

To equip employees with life-saving skills and empowering them for critical assistance management.



National Safety Month Celebration

Started with CEO and Plant Head's hoisting the Safety flag on 4th March, 2023 in all our SGL Units. This year the Safety Month event went to the extent of touching the lives of employee's family by making them part of SGL's safety related programs and safety awareness competitions.



Building A Better Tomorrow

EHS Training

Self-Contained Breathing Apparatus (SCBA)

SCBA @ Heat treatment to handle accidental ammonia leakage and fire threats.



Hazardous Waste Storage Yard with Advance Safety systems

A hazardous waste storage yard with safety protocols like detection and alarm system with auto dialler module playing a critical role in minimizing risks, thereby offering a controlled environment with proper containment for the temporary storage of hazardous waste until their safe disposal or treatment.



Participation in External Forums- Representing SGL's EHS Practices during FY 22-23

Shanthi Gears Limited participated in various external forums and won three awards.

- Gold Award from QCFC, CCSHE2022 Event-Tamil Nadu Chapter.
- Silver Award from ABK-AOTS DOSOKAI.
- Silver Award for Excellence in Environment, Health and Safety Practices from Safety Engineers Association (SEA), Chennai Chapter.
- Participated in EHS Excellence Awards conducted by Confederation of Indian Industry (CII), Southern Region.



Chairman's Annual Awards- For Safety

Shanthi Gears- Unit C received the prestigious award under the category of "Best Plant- Safety during FY 22-23" from our Honourable Executive Vice Chairman- TII, Mr. Vellayan Subbiah. This recognition underscores the collective efforts of SGL's dedicated team, who consistently uphold safety standards ensuring a safe and secure working environment.



Building A Better Tomorrow

SGL Connect

SGI participated in Mining and Minerals exhibition in Kolkata in April 22 showcasing our developed products. We received good response and looking forward to grow in this segment in the forthcoming years.

SGI participated in Wind Turbine exhibition "Winergy" at Delhi in the same month, wherein we have exhibited our capability to supply 750 KW and MW series gearboxes.

Under Shanthi ReBuild brand we have announced our plans to service 2MW and above wind turbine gearboxes. We received very good footfalls and optimistic about our opportunities in this segment.

In June 2022 we participated and exhibited products in the Intec - International Machine Tools exhibition at Coimbatore with products specifically developed for Special Purpose Machinery Manufacturer, Our custom Built Gears are used by the leading OEMS for Special Purpose Machinery.

All India Dealer Meet was conducted at Coimbatore in the month of March'23 wherein more than 30 dealers participated and discussed on the future plans.



Engineering the
Future, Celebrating the Past:

Shanthi Gears' 50th Year Celebration





OUR BOARD OF DIRECTORS



Mr. M A M Arunachalam, Chairman

Mr. M A M Arunachalam (55 years; DIN-00202958) has done his Bachelors in Commerce and Masters in Business Administration from 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 Parry Enterprises 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, Independent Director

Mr. L Ramkumar (67 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, Independent Director

Mr. J Balamurugan (62 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, Independent Director

Ms. Soundara Kumar (69 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 various companies including Ramco Systems Ltd, Rajapalayam Mills Limited, Tamil Nadu Newsprint Limited, Bank of Baroda and Carborundum Universal Limited.



Mr. S K Sundararaman, Independent Director

Mr. S K Sundararaman (50 years; DIN-00002691) holds a Masters Degree in Business Administration from Cambridge University, United Kingdom. He is currently the Managing Director of Shiva Texyarn Ltd. 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. Krishna Samaraj, Independent Director

Mr. Krishna Samaraj (68 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 various companies including Veejay Terry Products Limited and Chandra Textiles Private Limited.



Mr. M Karunakaran, Whole-time Director

Mr. M Karunakaran (51 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 from Feb 2019.

Mr. Mukesh Ahuja, Non-Executive Director

Mr. Mukesh Ahuja (50 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 Celestial E-Mobility Private Limited, Aerostrovilos Energy Private Limited, Celestial E-Trac Private Limited, Moshine Electronics Private Limited, IPLTechElectric Private Limited, X2Fuels and Energy Private Limited and TI Clean Mobility Private Limited.



Mr. Arun Venkatachalam, Non-Executive Director

Mr. Arun Venkatachalam (33 years; DIN-09511997) is an MBA Graduate from the London Business School, and holds a B.Sc in Business Studies from Lancaster University Management School, UK. He has over a decade of experience in both Financial Services & Operations. He serves on the Board of Directors of Payswiff Technologies Private Limited, Payswiff Solutions Private Limited and Payswiff Services Private Limited.



10 YEAR FINANCIAL HIGHLIGHTS

| | (₹ Crores) | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Particulars | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| Operating Results | | | | | | | | | | |
| Revenue (Excluding excise duty) | 445.65 | 337.07 | 215.53 | 242.29 | 241.68 | 214.12 | 183.95 | 164.79 | 152.00 | 150.77 |
| Earnings before Depreciation, Interest & Tax (EBITDA) | 101.07 | 69.1 | 34.93 | 41.08 | 53.08 | 48.73 | 46.33 | 39.86 | 29.89 | 51.56 |
| Profit before Interest & Tax (PBIT) | 90.19 | 58.73 | 26.07 | 32.69 | 42.46 | 33.17 | 28.50 | 23.15 | 13.14 | 25.95 |
| Profit before Tax (PBT) | 90.19 | 58.73 | 26.07 | 32.69 | 42.46 | 33.17 | 28.50 | 23.15 | 13.11 | 25.93 |
| Profit after Tax (PAT) | 67.05 | 42.47 | 20.17 | 25.2 | 33.35 | 28.58 | 22.51 | 17.73 | 9.32 | 18.38 |
| Earnings Per Share (₹) | 8.74 | 5.54 | 2.63 | 3.28 | 4.08 | 3.50 | 2.75 | 2.23 | 1.14 | 2.25 |
| Dividend Per Share (₹) | 3.00 | 2.5 | 1.5 | 2.00 | 6.00 | 1.00 | 0.75 | 0.50 | 0.50 | 1.00 |
| Book Value Per Share (₹) | 39.42 | 33.89 | 30.92 | 29.80 | 36.97 | 38.90 | 37.49 | 34.75 | 33.14 | 32.61 |
| Interest | - | - | - | - | - | - | - | - | 0.03 | 0.02 |
| Sources And Application Of Funds | | | | | | | | | | |
| Sources Of Funds | | | | | | | | | | |
| Share Capital | 7.67 | 7.67 | 7.67 | 7.67 | 8.17 | 8.17 | 8.17 | 8.17 | 8.17 | 8.17 |
| Reserves & Surplus | 294.68 | 252.29 | 229.46 | 220.95 | 293.91 | 309.62 | 298.15 | 275.72 | 262.57 | 258.23 |
| Net Worth | 302.35 | 259.96 | 237.13 | 228.62 | 302.08 | 317.79 | 306.32 | 283.89 | 270.74 | 266.40 |
| Debt | - | - | - | - | - | - | - | - | - | - |
| Deferred Tax Liability (Net) | - | - | - | - | - | - | - | - | 0.86 | 2.51 |
| Total | 302.35 | 259.96 | 237.13 | 228.62 | 302.08 | 317.79 | 306.32 | 283.89 | 271.60 | 268.91 |
| Application Of Funds | | | | | | | | | | |
| Gross Fixed Assets | 157.10 | 143.36 | 142.8 | 120.45 | 113.76 | 101.28 | 98.14 | 89.93 | 367.52 | 364.27 |
| Accumulated Depreciation | 86.86 | 77.40 | 68.78 | 60.68 | 55.13 | 44.47 | 32.82 | 16.71 | 285.87 | 269.25 |
| Net Fixed Assets | 70.23 | 65.96 | 74.02 | 59.77 | 58.63 | 56.81 | 65.32 | 73.22 | 81.65 | 95.02 |
| Capital Work-in-Progress | 2.03 | 3.19 | 0.03 | 6.4 | 0.18 | 0.50 | 0.77 | 0.36 | 3.61 | 3.60 |
| Deferred Tax Asset (Net) | 4.43 | 1.61 | 2.47 | 4.13 | 4.96 | 5.95 | 3.60 | 1.45 | - | - |
| Long Term Investments | 20.21 | 22.21 | 27.67 | 27.67 | 14.16 | 12.17 | 12.17 | 6.00 | - | - |
| Short Term Investments & Deposits | 111.14 | 93.08 | 72.69 | 63.06 | 112.69 | 149.01 | 119.26 | 105.30 | 101.09 | 107.76 |
| Net Working Capital | 94.31 | 73.91 | 60.25 | 67.62 | 111.46 | 93.35 | 105.20 | 97.56 | 85.25 | 62.53 |
| Total | 302.35 | 259.96 | 237.13 | 228.62 | 302.08 | 317.79 | 306.32 | 283.89 | 271.60 | 268.91 |
| Ratios | | | | | | | | | | |
| EBITDA to Sales (%) | 22.68% | 20.50% | 16.21% | 16.95% | 21.96% | 22.76% | 25.19% | 24.19% | 19.66% | 34.20% |
| PBIT to Sales (%) | 20.24% | 17.42% | 12.10% | 13.49% | 17.57% | 15.49% | 15.49% | 14.05% | 8.64% | 17.21% |
| PBT to Sales (%) | 20.24% | 17.42% | 12.10% | 13.49% | 17.57% | 15.49% | 15.49% | 14.05% | 8.63% | 17.20% |
| PAT to Sales (%) | 15.05% | 12.60% | 9.36% | 10.40% | 13.80% | 13.35% | 12.24% | 10.76% | 6.13% | 12.19% |
| Interest Cover (Times) | - | - | - | - | - | - | - | - | 996.33 | 2,578.00 |
| ROCE (%) # | 29.83% | 22.59% | 10.99% | 14.30% | 14.06% | 10.44% | 9.30% | 8.15% | 4.84% | 9.65% |
| Return on Networth (%) | 22.18% | 16.34% | 8.50% | 11.02% | 11.04% | 8.99% | 7.35% | 6.25% | 3.44% | 6.90% |
| Total Debt Equity Ratio | - | - | - | - | - | - | - | - | - | - |
| Long Term Debt Equity Ratio (+) | - | - | - | - | - | - | - | - | - | - |
| Sales/Net Fixed Assets (Times) | 6.35 | 5.11 | 2.91 | 4.05 | 4.12 | 3.77 | 2.82 | 2.25 | 1.86 | 1.59 |
| Net Working Capital Turnover (Times) | 4.73 | 4.56 | 3.58 | 3.58 | 2.17 | 2.29 | 1.75 | 1.69 | 1.78 | 2.41 |

#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 2022-23 are as per Ind AS and 2013-14 to 2014-15 are as per IGAAP.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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
 Foundry Division, Kannampalayam, Coimbatore

AUDITORS

Deloitte Haskins & Sells
 Chartered Accountants

BANKERS

HDFC Bank
 IDBI Bank
 Kotak Mahindra Bank

CORPORATE IDENTIFICATION NUMBER

L29130TZ1972PLC000649



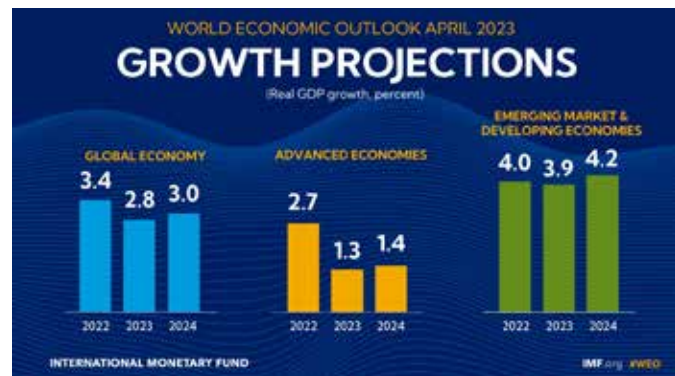
BOARD'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

DEAR SHAREHOLDERS,

The Board is pleased to present the 50th Annual Report together with the audited financial statements for the year ended 31 March 2023.

1. Business Environment

Asian economies are expected to drive most of global growth in 2023, as they benefit from less intense inflationary pressures compared to other regions. In FY 2022-23, the business environment faced numerous challenges impacting growth. These included the Geo-political tension causing energy price surges, rising inflation and disruptions to global supply chains. Nevertheless, the global economy is still projected to grow, (albeit slower than in 2022) with the International Monetary Fund (IMF) forecasting a 2.8% global GDP growth in 2023 compared to 3.4% in 2022. Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. Looking ahead to next year, uncertainties arise from factors such as the increased Geo-political tension, and monetary tightening in major economies, which may affect the projected 2.8% global GDP growth.



On the Economy

Indian Economy: The Indian economy is expected to grow at a slower pace in the next financial year, than it did in the previous year. The Reserve Bank of India (RBI) projects that GDP growth will slow down to 6.5% in FY 2023-2024, from 7.2% in FY 2022-2023. The Capital Expenditure of Central Government and crowding in the private Capex is one of the growth driver of the Indian economy in the current year. With an emphasis on infrastructure-intensive sectors like roads and highways, railways, and housing and urban affairs in Budget 2023, the increase in Capex has large-scale positive implications for medium-term growth. The Production Linked Incentive (PLI) schemes were introduced across 14 categories to plug India into global supply chains.

Despite the global challenges, there are positive signs for the Indian economy in FY 2023-2024. There is still a lot of pent-up demand for goods and services and domestic consumption will continue to drive the overall growth.

- **Economic trends:** The Indian economy is expected to grow at a moderate pace in the next financial

year, supported by strong domestic demand and continued investment. However, any increase in commodity prices and supply chain disruptions could pose challenges.

- **Industrial sector:** The industrial sector is expected to grow at a slower pace in the next financial year, as some sectors, such as manufacturing, face headwinds from rising input costs and global trade disruptions.
- **India's fiscal deficit position:** India's fiscal deficit is expected to widen in the next financial year, as the government increases spending on infrastructure and social welfare programs. However, the deficit is still expected to be below the 3% of GDP target.
- **India's economic resurgence:** India's economy has rebounded strongly from the COVID-19 pandemic and is now one of the fastest-growing major economies in the world.

Overall, the Indian economy is expected to continue to grow at a moderate pace in the next financial year. The growth will be supported by strong domestic demand, continued investment, and a favorable external environment.

On the Industrial Gear Industry

Global prospects: The global industrial gear sector is poised for steady growth, with a projected compound annual growth rate (CAGR) of 5% from 2023 to 2027. This expansion is driven by increasing demand for gears across diverse industries, including automotive, aerospace, and manufacturing.

The aerospace industry, another significant gear consumer, is projected to exhibit a CAGR of 5% from 2023 to 2027. This growth is primarily attributed to escalating demand for commercial aircraft, underscoring the pivotal role of gears within the aerospace gear market.

Simultaneously, the manufacturing industry plays a substantial role in gear consumption and is anticipated to demonstrate a CAGR of 4% from 2023 to 2027. The persistent demand for industrial machinery is expected to be a key driver behind the growth observed in the manufacturing gear market.

The global gear sector presents promising opportunities as it embraces the burgeoning demand from automotive, aerospace, and manufacturing industries. With its steady growth trajectory, the sector is poised to navigate the challenges ahead while capitalizing on the potential for further advancements.

Indian gear sector prospects:

The Indian gear sector is expected to grow at a CAGR of 4-6% from 2023 to 2027. This growth is being driven by the increasing demand for gears in a variety of industries, including aerospace and manufacturing.

The aerospace industry is another major consumer of gears in India and is expected to grow at a CAGR of 9% from 2023 to 2027. The increasing demand for commercial aircraft is expected to drive growth in the aerospace gear market in India.

The manufacturing industry is also a major consumer of gears in India and is expected to grow at a CAGR of 6% from 2023 to 2027. The increasing demand for industrial machinery is expected to drive growth in the manufacturing gear market in India.

Indian government notable initiatives and developments

The Indian government has taken several initiatives to boost the growth of the gear sector in India.

- **The Production-Linked Incentive (PLI) Scheme for Gear Manufacturing:** The PLI scheme provides financial incentives to gear manufacturers in India. This scheme is expected to attract new investments in the gear sector and boost domestic production of gears.
- **The National Manufacturing Policy (NMP):** The NMP aims to make India a global manufacturing hub. The NMP includes several measures to boost the gear sector, such as the development of a national gear park and the promotion of exports of gears.
- **The National Investment Manufacturing Zones (NIMZs):** The NIMZs are special economic zones that are designed to attract investment in manufacturing. The NIMZs include several gear manufacturing clusters, which are expected to boost the growth of the gear sector in India.

Union Budgets Projection

The Union Budget for the coming financial year is expected to include several measures to boost the growth of the gear sector in India.

The Indian gear sector is expected to grow in the next financial year and this growth is being driven by the increasing demand for gears in a variety of industries, as well as the Indian government's initiatives to boost the manufacturing sector. All these factors point to one reality, the demand for gears will remain strong over the coming years.

Sector-wise prospects

Railway

Indian Railways has made sustained efforts to improve the ease of doing business as well as improve the service delivery at competitive prices which has resulted in new traffic coming to railways from both conventional and non-conventional commodity streams. Demand for High Power

Diesel Locomotives, AC Locos will be on upswing considering the impetus given in the Railway Budget. Vande Bharat Express has gained immense popularity with about 10 Trains running and more poised to be introduced as the high priority areas of Railways. The conventional Electric Multiple Units, Diesel Multiple Units and Diesel Electric Tower car will continue to be produced in Railway Production units of ICF/RCF/MCF to meet the increasing demands.

Extrusion

India extruded plastic is projected to expand at a CAGR of about 8% in the next 3 years. Extruded plastic market is growing at a faster rate in the country on account of rapid urbanization and expanding middle class group. Government initiatives to boost rural infrastructure is fueling the demand for PVC extrusions in the construction sector. Burgeoning demand for flexible packaging is fueling the growth of PE, PET, and PP extrusions. On the rubber extrusion and rubber machinery front the market is growing rapidly. The rubber extruder market is projected to increase at a CAGR of 5.3% during the forecast period up to 2023.

Crane and Material Handling

The cranes market in India is majorly driven by increasing construction activities. Also, significant investments by governments and private firms in infrastructural activities are positively influencing market expansion. India crane market size will be valued at USD 1.3 billion by 2027, growing at a compound annual growth rate (CAGR) of 5.56% by volume.

In India expansion plans of major Steel manufacturers to enhance capacity by 20 Mio tonnes will increase the demand for high-capacity Cranes for EOT application. Besides the Indian government is anticipated to boost its expenditure on public infrastructure to meet up its aspiring development plans which will spur Gantry and Medium capacity EOT cranes.

Rapid industrialization and increased demand for automation in material handling equipment are

expected to fuel the market growth in this segment.

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.

Cement

India produces over 7% of the world's installed cement capacity, making it the second-largest cement producer in the world. India currently produces 298 Million Tonnes per Annum of cement at its installed capacity of 500 MTPA

The Indian government unveiled its "PM Gati Shakti – National Master Plan (NMP)" for multimodal connectivity in October 2021. It will include infrastructure initiatives from different Ministries and State Governments, such as UDAN, Bharatmala, Sagarmala, inland waterways and dry/land ports

By FY 2027, the demand for cement in India is anticipated to reach 419.92 Million Tonnes. According to the IMARC report, the CAGR for the cement market in India is predicted to be 4.8% from 2023 to 2027

Steel

India is the second-largest producer of crude steel in the world and plans to triple its production. The industry is witnessing consolidation of players, which has led to investment by entities from other sectors. This consolidation also presents an opportunity to global players to enter the Indian market. Under the Union Budget 2023-24, the government allocated ₹70.15 crore (US\$ 8.6 million) to the Ministry of Steel. Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global set up. India is home to fifth-highest reserves of iron ore in the world.

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2. Company Performance

(₹ Crores)

| Particulars | Year Ended 31.03.2023 | Year Ended 31.03.2022 |
|--|--------------------------|--------------------------|
| Revenue from Operations(Net) | 445.65 | 337.07 |
| Earnings Before Interest Tax Depreciation & Amortisation | 101.07 | 69.10 |
| Depreciation and amortisation expense | 10.88 | 10.37 |
| Profit Before Tax | 90.19 | 58.73 |
| Less: Tax Expenses | 23.38 | 16.26 |
| Profit After Tax | 67.05 | 42.47 |
| Add: Surplus brought forward | 48.18 | 24.89 |
| Appropriations: | | |
| Final dividend paid during the year* | | |
| Interim dividend paid during the year* | 23.01 | 19.18 |
| Balance carried to Balance Sheet | 92.23 | 48.18 |

* The Board has declared and paid Interim Dividend of ₹ 3 per equity share and has proposed Final Dividend of ₹ 2 per equity share for the financial year 2022-23, which is subject to the approval of the members at the ensuing Annual General Meeting.

4. Review of Operations

In FY 2022-23, the Company reported improved performance for second consecutive year and the company posted its best in terms of Revenue and Profit despite the adverse Global economic factors. Revenue from Operations at ₹446 crores, registering a growth of 32% over the previous year. This growth was mainly aided by healthy order inflow and ramp up of production.

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

The company focused on lean initiatives and improved the production levels. Capital investments were made wherever technological upgradation was required.

EBITDA increased from ₹69.10 crore in FY22 to ₹101.07 crores in FY23 – a growth of 46%. The Company registered a net profit of ₹67.05 crores (an 58% increase).

From a liquidity standpoint, the Company generated a Free Cash Flow of ₹39.17 crore during the financial year and registered 15% growth over the previous year. Free Cash Flow to PAT is 58%.

The Company's Return on Invested Capital improved to 56% in FY 23 from 36% in FY 22 – aided by increase in utilisation of assets and better working capital management.

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 face value of ₹1/- each for the financial year 2022-23, which was paid on 14th February, 2023 to all the eligible shareholders. 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 2022-23, ₹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 completion of 50 years of Shanthi Gears Limited. 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, 2023 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, 2023.

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. Mukesh Ahuja, 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. Arun Venkatachalam, has been appointed as Additional Director (Non-Executive Director) on 09th May, 2023 liable to retire by rotation and he continues upto the ensuing Annual General Meeting. Necessary resolution proposing the appointment of Mr. Arun Venkatachalam as a Director liable to retire by rotation under Sec 152 of the Companies Act, 2013 forms part of this Annual General Meeting.

Mr. S K Sundararaman, Independent Director will hold office up to the date of the ensuing Annual General Meeting. The Board recommends his re-appointment as an Independent Director under Section 149 of the Act for further term of five years from 26th July, 2023 till 25th July, 2028 forms part of this Annual General Meeting.

The Board takes pleasure in recommending the appointment of Mr. Arun Venkatachalam as Director and re-appointment of Mr. S K Sundararaman as 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 fulfill 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.

Notice has been received from a Member proposing the candidature of Mr. Arun Venkatachalam as Director and Mr. S K Sundararaman as Independent Director of the Company.

9. Key Managerial Personnel

Mr. C Subramaniam, resigned as Company Secretary w.e.f 31st January, 2023 to pursue other interests. The Board wishes to place on record the valuable contribution made by Mr. C Subramaniam during his tenure with the Company.

Mr. Walter Vasanth P J, was appointed as Company Secretary of the Company w.e.f 29th March, 2023.

Mr. M Karunakaran, Whole-time Director, Mr. Walter Vasanth P J, Company Secretary 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 and 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 and operational information, and regulatory and 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 for the promotion of worthy causes like education, healthcare, scientific research etc.

As a part of Corporate Social Responsibility program, the Company has undertaken projects in the area 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, 2023 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, 2023; 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, 2023.

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 (3) 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](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/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, 2023 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 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, 2023.

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 complaint about sexual harassment during the year 2022-23.

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

As per the provisions of Section 139 of the Companies Act, 2013, the term of Office of M/s Deloitte Haskins

& Sells, Chartered Accountants (Firm Registration No. 008072S), Chartered Accountants come to an end at the close of the 50th Annual General Meeting of the Company.

The Board of Directors wish to place on record their sincere appreciation for the services rendered by M/s.Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company, during their tenure with the Company.

Subject to the approval of the Members of the Company at the ensuing 50th Annual General Meeting, the Board of Directors has recommended the appointment of M/s. MSKA & Associates, Chartered Accountants as Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013. The Audit Committee at its meeting held on 09th May, 2023 had recommended their appointment as Statutory Auditors pursuant to Section 139 (11) of the Companies Act, 2013. Written consents from the incoming Auditors have been obtained, confirming that they satisfy the legal requirements for their appointment. The proposal relating to their appointment has been included in the notice convening the 50th Annual General Meeting of the Company. They shall hold office from the conclusion of 50th Annual General Meeting till the conclusion of 55th Annual General Meeting.

The report of Statutory Auditors viz., M/s.Deloitte Haskins & Sells, Chartered Accountants, for the year ended 31st March, 2023 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

Mr. B. Venkateswar was appointed as Cost Auditor for audit of the Cost Accounting records of the Company for the year ended 31st March, 2024. A resolution seeking Members' ratification of the Remuneration payable to Cost Auditor is included in the AGM notice dated 09th May, 2023. 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.

Coimbatore
9 May 2023

31. Change in Nature of Business

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

32. 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 the good performance during the year.

On behalf of the Board

M A M Arunachalam

Chairman
(DIN-00202958)

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 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

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

3.2 External Factors

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

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

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.
2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
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 | 3 | 1 |
| 2 | Mr. MAM Arunachalam* | Member, Non-Independent, Non-Executive | 3 | 1 |
| 3 | Mr. S K Sundararaman | Member, Independent, Non-Executive | 3 | 3 |
| 4 | Mr. M Karunakaran* | Member, Non-Independent, Executive | 3 | 1 |
| 5 | Mr. L Ramkumar** | Member, Independent, Non-Executive | 3 | 2 |
| 6 | Ms. Soundara Kumar** | Member, Independent, Non-Executive | 3 | 2 |

* Appointed w.e.f 26th July, 2022

** Ceased w.e.f 25th July, 2022

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:

- a. CSR Policy is available on the web link: <http://www.shanthigears.com/wp-content/uploads/2018/07/CSR-Policy.pdf>
- b. Composition of the CSR Committee shared above is available on the Company's website on <http://www.shanthigears.com/board-committees/>
- c. CSR Report available on the web link: <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), Rule, 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): ₹38.95 Crores

7. a. Two percent of average net profit of the Company as per Section 135(5): ₹0.78 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): ₹0.78 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. |
| 0.78 | - | - | - | - | - |

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 (in ₹ Crores). | 7. Mode of implementation - Direct (Yes/ No). | 8. Mode of implementation - Through implementing agency. | |
|------------|---|---|--------------------------|-----------------------------|-----------|--|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 1 | Renovation including Drinking Water Sump Construction Capacity, Muthalipalayam School | Promoting education | Yes | Coimbatore, | Tamilnadu | 0.10 | Yes | - | - |
| 2 | New Construction of Two Class Rooms , Kannampalayam Govt. School | Promoting education | Yes | Coimbatore, | Tamilnadu | 0.25 | Yes | - | - |
| 3 | Purchase of E-vehicles, Krishnapuram Village Panchayat | Environmental Sustainability | Yes | Coimbatore, | Tamilnadu | 0.04 | Yes | - | - |
| 4 | Sponsorship for PSG college students | Promoting education | Yes | Coimbatore, | Tamilnadu | 0.01 | Yes | - | - |
| 5 | Shri. A.M.M. Murugappa Chettiar Research Centre-Green Energy for Rural India | Environmental Sustainability | No | | | 0.39 | No | Shri.A.M.M. Murugappa Chettiar Research Centre | CSR00000057 |
| | Total | | | | | 0.79 | | | |

d. Amount spent in Administrative Overheads: Nil

e. Amount spent on Impact Assessment, if any: Nil

f. Total amount spent for the Financial year: ₹0.79 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) | 0.78 |
| ii | Total amount spent for the Financial Year | 0.79 |
| 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 spent in the succeeding financial years (₹ Crores) |
|--------|--------------------------|---|---|--|-------------------|------------------|--|
| | | | | Name of the Fund | Amount (₹ Crores) | Date of Transfer | |
| i | | Nil | | 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

Coimbatore
9 May 2023

M A M Arunachalam
Chairman
(DIN-00202958)

J Balamurugan
Chairperson of the CSR Committee
(DIN-00023309)

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 | 0.36 |
| Mr. L Ramkumar | Director | 1.61 |
| Mr. J Balamurugan | Director | 1.61 |
| Mr. S K Sundararaman | Director | 1.45 |
| Ms. Soundara Kumar | Director | 1.57 |
| Mr. Krishna Samaraj | Director | 1.37 |
| Mr. Mukesh Ahuja | Director | Not Applicable |
| Mr. M Karunakaran | Whole-time Director | 17.96 |

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

| Name | Designation | % Increase |
|--------------------------|-------------------------|----------------|
| Mr. M A M Arunachalam | Chairman | (69) |
| Mr. L Ramkumar | Director | 18 |
| Mr. J Balamurugan | Director | - |
| Mr. S K Sundararaman | Director | 3 |
| Ms. Soundara Kumar | Director | - |
| Mr. Krishna Samaraj | Director | 17 |
| Mr. Mukesh Ahuja | Director | Not Applicable |
| Mr. M Karunakaran | Whole-time Director | 13 |
| Mr. Ranjan Kumar Pati | Chief Financial Officer | 8 |
| Mr. C Subramaniam* | Company Secretary | (2) |
| Mr. Walter Vasanth P J** | Company Secretary | Not Applicable |

* Ceased w.e.f 31st January, 2023** Appointed w.e.f 29th March, 2023**3. Percentage Increase in the median remuneration of employees**

(₹ Lakhs)

| Median Remuneration | |
|---------------------|--------|
| 2021-22 | 5.01 |
| 2022-23 | 4.95 |
| Increase/(Decrease) | (0.06) |
| % Change | 1.19% |

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 4.70 %. The increase granted to managerial personnel is 8.10%.

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)

Coimbatore

9 May 2023

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 2022-23 are highlighted hereunder:

We have saved around 1,20,000 units in last year by implementing various energy savings measures such as eliminating idle running motors in 50+ Key machines by modifying OEM programs, by replacing standard motors with energy efficient motors, reduced day light usage by improving natural lighting in shop floors, by modifying traditional control panels in old machines with advanced PLC control systems, down sizing of motors in various areas by conducting energy audits and reduced compressors loading cycle by effective compressed air utilisation.

Green Power

The company has 9 Wind Mills with a total capacity of 6.7 MW. These wind mills generated 109.24 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:

R&D has developed and filed first patent for the test set up for accelerated life cycle testing of Gear Boxes. We are in the process of testing various Gearboxes and performance analysis is being done. We are looking at bringing superior materials, manufacturing processes and gearbox performance enhancement initiatives and considerable efforts are being worked out on patentable ideas. SGL-R&D in collaboration with its external partners is developing 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. Additionally, we are developing application based Gearboxes in Off-Highway Machinery & Marine Segments contributing towards future revenue growth of the organization.

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

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 | 2022-23 | 2021-22 |
|---|-------------|-------------|
| Capital Expenditure | 0.05 | - |
| Revenue Expenditure | 2.93 | 2.21 |
| Total Expenditure | 2.98 | 2.21 |
| Total R&D Expenditure as a % of turnover | 0.67 | 0.66 |

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

Foreign Exchange Earnings and Outgo (₹ Crores)

| Particulars | 2022-23 |
|-------------------------|---------|
| Foreign Exchange Earned | 21.92 |
| Foreign Exchange Outgo | 7.80 |

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

Coimbatore
9 May 2023

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

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value if any
- Justification for entering into such contracts or arrangements or transactions Nil
- Date of approval by the Board
- Amount paid as advances, if any:
- 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

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any: Nil
- Date(s) of approval by the Board, if any:
- Amount paid as advances, if any:

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

Coimbatore
9 May 2023

ANNEXURE F TO THE BOARD'S REPORT

Secretarial Audit Report for the Financial year ended 31st March, 2023

[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 - 641005

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, 2023. 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, 2023 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, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;

- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable;
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the year under review);
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (not applicable during the year under review);
 - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (not applicable during the year under review);
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (not applicable as

the company is not registered as Registrar to 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 the review of compliance mechanism established by the Company and on the basis of our review and audit of the records and books, 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, rules, regulations and guidelines.

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, there were no specific events having major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines and standards.

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

CS R.Sridharan

CP No. 3239

FCS No. 4775

PR NO.657/2020

UIN: S2003TN063400

UDIN: F004775E000271778

Place: Chennai

Date: 9 May 2023

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 - 641005

Our Secretarial Audit report for the financial year ended 31st March, 2023 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.

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: F004775E000271778

Place: Chennai

Date: 9 May 2023

ANNEXURE G TO THE BOARD'S REPORT

Business Responsibility and Sustainability Report

Section A: General Disclosure

i. Details of the Listed 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 – 641005 |
| 5 | Corporate address | 304-A, Trichy Road, Singanallur, Coimbatore – 641005 |
| 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 | 2022-2023 |
| 10 | Name of the Stock Exchange(s) where shares are listed | National Stock Exchange of India Ltd. BSE Ltd. |
| 11 | Paid-up Capital | ₹.7.67cr |
| Contact Person | | |
| Name of the Person | | |
| 12 | Telephone | +91 422 4545745 |
| Email address | | |
| Reporting Boundary | | |
| 13 | Type of Reporting | The reporting boundary covers all the manufacturing units of the Company in India for the period from 1 April 2022 to 31 March 2023 |
| If selected consolidated: | | |
| Not Applicable | | |

ii. Product/Services

| | Sl. No. | Description of Main Activity | Description of Business Activity | % Turnover of the Entity | |
|----|--------------------------------|------------------------------|----------------------------------|---|------|
| 14 | Details of business activities | 1 | Manufacturing & Services | Designs and manufactures Gears, Gearboxes, Geared Motors, and Gear Assemblies; Refurbishing & repairing of old gearboxes and foundry operations | 100% |

| | Sl. No. | Product/Service | NIC Code | % of Total Turnover contributed | |
|----|---------------------------------------|-----------------|---------------------------------|---------------------------------|-----|
| 15 | Products/ Services sold by the entity | 1 | GGB (Gears & Gear boxes) | 2814 | 62% |
| | | 2 | SFW (Service, Foundry and Worm) | 2814 | 38% |

iii. Operations

| | Location | Number of plants | No. of Offices | Total | |
|----|--|------------------|----------------|-------|-----|
| 16 | Number of locations where plants and/or operations/offices of the entity are situated: | National | 3 | 8 | 11 |
| | International | Nil | Nil | Nil | Nil |

| | Market served by the entity | Locations | Numbers | |
|----|---|---|---------------------|--|
| 17 | a. No. of Locations | National (No. of States) | All States in India | |
| | | International (No. of Countries) | 29 | |
| | b. What is the contribution of exports as a percentage of the total turnover of the entity? | Exports contribute around 7% of the total turnover of the entity. | | |
| | c. A brief on types of customers | The entity has B2B and B2C customers. In the B2B category, the entity supplies to OEMS. In the B2C category, the entity supplies to dealers and end users. The customers are from different sectors like Mineral; Mining; Off highway; Rubber; Plastics; Extruders; Power and Windmill; Dealer; General Engineering; Steel; Textile; Railways; Chemical; Fertilizers; Non-Ferrous; Pump, Valve, Blower, Compressor; Lift, Convey, Crane, Material handling; Pulp and Paper; Cement; Sugar; Foundry; Conveyor; Aviation; Defence; Textile mills and Food processing. | | |

iv. Employees

| 18 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 | | | | | | |
| Employees | | | | | | |
| 1 | Permanent Employees (A) | 265 | 247 | 93% | 18 | 7% |
| 2 | Other than Permanent Employees (B) | 149 | 139 | 93% | 10 | 7% |
| 3 | Total Employees (A+B) | 414 | 386 | 93% | 28 | 7% |
| Workers | | | | | | |
| 4 | Permanent (C) | 271 | 266 | 98% | 5 | 2% |
| 5 | Other than Permanent (D) | 883 | 830 | 94% | 53 | 6% |
| 6 | Total Workers (C+D) | 1,154 | 1,096 | 95% | 58 | 5% |
| b. Differently abled employees and workers | | | | | | |
| Employees | | | | | | |
| 7 | Permanent Employees (E) | 0 | 0 | 0 | 0 | 0 |
| 8 | Other than Permanent Employees (F) | 0 | 0 | 0 | 0 | 0 |
| 9 | Total Employees (E+F) | 0 | 0 | 0 | 0 | 0 |
| Workers | | | | | | |
| 10 | Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| 11 | Other than Permanent (H) | 0 | 0 | 0 | 0 | 0 |
| 12 | Total Differently Abled Employees (G+H) | 0 | 0 | 0 | 0 | 0 |

19 Participation/Inclusion/Representation of women

| Sl. No. | Particulars | Total (A) | No. and % of females | |
|---------|--------------------------|-----------|----------------------|---------|
| | | | No. (B) | % (B/A) |
| 1 | Board of Directors | 8 | 1 | 13% |
| 2 | Key Management Personnel | 3 | 0 | 0% |

20 Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

| Category | FY 2022-2023 (Turnover rate in current FY) | | | FY 2022-2021 (Turnover rate in previous FY) | | | FY 2020-2021 (Turnover rate in the year prior to previous FY) | | |
|---------------------|---|--------|-------|--|--------|-------|--|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 10% | 0% | 10% | 18% | 2% | 20% | 20% | 0% | 20% |
| Permanent Workers | 1% | 0% | 1% | 1% | 0% | 1% | 0% | 0% | 0% |

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

21. Names of Holding, Subsidiary, and Associate Companies (including joint ventures)

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

vi. CSR Details

| | | |
|----|---|------------------|
| 22 | a. Whether CSR is applicable as per section 135 of Companies Act, 2013: | Yes |
| | Turnover (in ₹) | ₹. 445.65 Crores |
| | Net worth (in ₹) | ₹. 302.35 Crores |

vii. Transparency and Disclosures Compliances

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

| Stakeholder group from whom the complaint is received | Grievance Redressal Mechanism in Place (Yes/No) | If Yes, then provide web-link for the grievance redress policy | FY 2022-23 Current Financial Year | | | FY 2021-2022 Previous Financial Year | | |
|---|---|--|--|--|---------|--|--|---------|
| | | | Number of complaints filed during the year | Number of complaints pending resolution at the close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at the close of the year | Remarks |
| Communities | No | Not Applicable | Nil | Nil | Nil | Nil | Nil | Nil |
| Investors (other than shareholders) | Yes | Link | Nil | Nil | Nil | Nil | Nil | Nil |
| Shareholders | Yes | Link | Nil | Nil | Nil | Nil | Nil | Nil |
| Employees and workers | Yes | Link | Nil | Nil | Nil | Nil | Nil | Nil |
| Customers | Yes | Link | Nil | Nil | Nil | Nil | Nil | Nil |
| Value Chain Partners | No | Not Applicable | Nil | Nil | Nil | Nil | Nil | Nil |
| Other (please specify) | - | - | Nil | Nil | Nil | Nil | Nil | Nil |

24 Overview of the entity's material responsible business conduct issues

| Material Issue Identified | Indicate whether risk or opportunity | The 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) |
|---------------------------|--------------------------------------|---|--|--|
| Climate Change Action | Risk | Shanthi Gears, believe that managing our impact on the climate is an important key to decarbonization. With the increasing awareness and concern about Climate across our key stakeholder groups like investors, customers, local communities, and employees, it becomes imperative that we treat this global risk as a company risk and turn it into an opportunity while there is still time. | The company has adopted a clear road map to reduce its Green House Gas (GHG) footprint with initiatives in place like Renewable energy (off-site wind), energy efficiency etc, | Negative |
| Water Management | Risk | Shanthi Gears is conscious that water is a scarce resource and that we have a duty to our social and ecological ecosystems to ensure adequate availability of fresh and clean water. | Wastewater is treated and used for Gardening purpose in our company. Also we have introduced processes to minimize the use of water in our canteens. | Negative |
| Waste Management | Risk | Our approach to waste management reflects the principles of a circular economy, namely Reduce, Reuse and Recycle. We operate to zero defect standard in our manufactured products in order to minimize the generation of waste and maximize its reuse and recycling after the completion of manufacturing processes. | 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. Going forward, we are committed to working to ensure zero waste to landfills from Shanthi Gears operations. | Negative |
| Responsible Supply Chain | Risk | We understand that a responsible supply chain is paramount to a business' survival. More importantly, in today's world, it extends to protecting our partners in value chain. It is our responsibility to build responsible supply chains, towards which we engage with our supply partners to adopt and implement practices that align with our ESG requirements and policies. | Presently, we are looking into formulating a sustainable supply chain program to assess social and environmental practices of our suppliers. We generate local employment by engaging with local suppliers and service providers and actively develop and manage local supply chains around our manufacturing sites. | Negative |

| | | | | |
|--|-------------|---|--|----------|
| Occupational Health and Safety | Risk | For us, employees are the backbone of our organisation. We emphasize and safeguard the health and safety of our employees. We are constantly working towards ensuring total adherence to the Company's safety, health, and environmental policy. | 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 |
| Employee Wellbeing | Opportunity | We continuously ensure the physical, mental, emotional and financial well-being through various employee welfare initiatives. | NA | Positive |
| Human Rights | Risk | One of the core values that acts as an anchor for Shanthi Gears is respect for individual rights and non-tolerance of discrimination. Our commitment to fair and dignified treatment of those we engage with draws from the Five Guiding Lights of the Murugappa Group. | Our Company's Code of Conduct covers our respect for Human Rights and encompasses both our internal as well as external stakeholders and extends to subsidiaries as well. The Company also encourages suppliers, contractors and others to follow the values enshrined in our founding philosophy. We also follow 'Zero non-compliance to human rights'. | Negative |
| Customer Centricity | Opportunity | Customer centricity will remain a key driver of our growth initiatives and we will continue to align all our operations with internationally established standards to address dynamic customer needs and deliver zero deficit products. | NA | Positive |
| Compliance | Risk | An uninterrupted adherence to applicable regulations and monitoring of upcoming regulations is crucial in the sustenance of Shanthi Gears. | Shanthi Gears relentlessly strives to ensure zero noncompliance towards regulatory requirements and also uses various digital tools to ensure and track regulatory compliance. | Negative |
| Social Responsibility and Equitability | Opportunity | Social Responsibility is enshrined in our founding philosophy. We recognize the rights of communities around our operations and uphold these in the various social initiatives through which we engage with them. | NA | Positive |

Section B: Management and process disclosures

| 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 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | 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, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | ISO 9001, ISO 14001, OHSAS 18001, ISO/TS 22163 and Company's Environment, Health and Safety (EHS) Guidelines | | | | | | | | |
| 5 | Specific commitments, goals, and targets set by the entity with defined timelines, if any. | The company has integrated ESG objectives into its business strategy. Some of the common key objectives include, | | | | | | | | |
| | | Products/Services | GGB and SFW | | Objectives i. To achieve Zero reportable safety incidents ii. To retain talents by reducing attrition rate to 14% iii. To achieve a customer satisfaction index of 90% in FY 22-23 iv. To achieve 100% supplier evaluation of RM & OSP (Supplier parts) in FY 22-23 v. To achieve 100% statutory and regulatory compliance in FY 22-23 | | | | | |

| | Products/Services | Objectives | Performance |
|---|-----------------------|---|--|
| 6 | Shanthi Gears Limited | i. To achieve Zero reportable safety incidents ii. To retain talents by reducing attrition rate to 14% iii. To achieve a customer satisfaction index of 90% in FY 22-23 iv. To achieve 100% supplier evaluation of RM & OSP (Supplier parts) in FY 22-23 v. To achieve 100% statutory and regulatory Compliance in FY 22-23 | i. Achieved zero reportable safety incidents ii. Achieved attrition rate of 20% as against target of 14% in FY 22-23 iii. Achieved a customer satisfaction index of 90% iv. 100% supplier evaluation of RM & OSP (supplier parts) achieved v. Achieved 100% compliance |

Governance, Leadership, and Oversight

| | | | |
|---|---|---|--|
| 7 | Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements | Shanthi Gears, a socially responsible company has committed to make its business truly sustainable in bringing together all the 3 dimensions (Environmental, Social and Economic) to create a long-term positive impact to our stakeholders. Our company recognises climate change as a key business risk and thus focuses on identifying and mitigating environmental and social risks both in operations and value chain by adopting practices like renewable energy generation for captive consumption, monitoring and tracking greenhouse gases in operations to reduce the carbon footprint, ensuring supplier evaluation on environment & social aspects, reducing waste and water consumption in our operations on a continuous improvement basis etc., In order to support the transition to low carbon economy, our company actively engages in rigorous research and development in fields like automation and renewable energy. Our ESG performance is constantly reviewed to ensure that it meets statutory requirements and committed to submit all compliance reports to the appropriate authorities on a regular basis. Finally, as part of the company's vision, our goal is to give back to the community by operating as a philanthropic, service-oriented organisation with a primary focus on healthcare and education. | |
| 8 | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | DIN Number: 09004843 Name: Mr. Karunakaran M Designation: CEO Telephone Number: 0422-4545745 email id: karunakaranM@shanthigears.murugappa.com | |
| 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. | Yes, the board of directors are responsible for decision making on sustainability-related issues. | |

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether the review was undertaken by the 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 the above policies and follow-up action | Board Committee | | | | | | | | | Quarterly | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and the 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) | | | | | | | | |

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 b/y 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 | % age of persons in respective category covered by the awareness programmes |
|------------------------------------|--|---|---|
| Board of Directors | Shanthi Gears offers various training programmes throughout the year such as code of conduct; POSH; whistle-blower policy; environmental, health & safety etc., For example: new joiners are trained on a series of programmes (Technical and non-technical) that starts with basic environmental, health & safety, as part of induction program. There is a coverage of 100% for all these training programmes. | | |
| Key Management Personnel | | | |
| Employees other than BODs and KMPs | | | |
| Workers | | | |

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.

a. 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) |
|-----------------|-----------------|---|-----------------|-------------------|--|
| Penalty/Fine | | | Nil | | |
| Settlement | | | | | |
| Compounding fee | | | | | |

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 | |
| Punishment | | | | |

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. 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.

The Company's governance policies are based on upholding ethics, being transparent with stakeholders, providing proper and timely disclosure, etc. All of the Group's entities have similar policies in place. All stakeholders of the Company – internal as well as external are expected to work within the framework of the aforesaid policies/principles. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the Senior Management and all other employees of the Company. It encourages the stakeholders of the entity to take positive actions, which not only are commensurate with the Company's values and beliefs but are also perceived to be so.

Further, the Code of Conduct is applicable to the Directors and Senior Management personnel which includes executives who are in the grade of General Manager and above; all executives directly reporting to the Chief Executive and Company Secretary. The Code of Conduct embodies the belief that acting always with the Company's legitimate interest in mind and being aware of the Company's responsibility towards its stakeholders is an essential element of the Company's long-term excellence. In the selection of its vendors and contractors, the Company ensures to identify and deal with those who can maintain and follow ethical standards. The Company further on a regular basis endeavour to reiterate awareness and impart training on these values to its employees. The relevant stakeholders of the Company are also made aware through different engagement channel of the said values from time to time.

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 2022-2023 (Current Financial Year) | FY 2021-2022 (Previous Financial Year) |
|-----------|--|---|
| Directors | Nil | Nil |
| KMPs | | |
| Employees | | |
| Workers | | |

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

| Topic | FY 2022-2023 (Current Financial Year) | | FY 2021-2022 (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 KMPs | | | | |

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.
Not Applicable

Leadership indicators

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

| Total number of training and awareness programmes held | Topics/principles covered under the training and its impact | % age of persons in value chain covered by the awareness programmes |
|--|---|---|
|--|---|---|

We, at Shanthi Gears Limited, addressed awareness programs to our value chain partners like security staffs, contractor and non-permanent staffs located inside the factory premises. We conducted awareness programmes like code of conduct, POSH, basic environmental, health and safety program etc., with 100% coverage.

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.

Yes. The Code of Conduct specifies avoidance of conflict of interest. However, this is only a guiding principle and in case of any potential conflict, it will be disclosed, and necessary action will be considered by the Board and the management. Further, the Board of Directors provide necessary disclosures about entities/firms in which they and/or their relatives are interested. Any transactions with these entities/firms gets prior approval of the Audit Committee or the Board as part of Related Party Transactions. If a Director is interested, she or he does not participate in the discussion in which this item is considered.

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.

| Type | FY 2022-2023 (Current Financial Year) | FY 2021-2022 (Previous Financial Year) | Details of improvement in social and environmental aspects |
|------------------------------|--|---|---|
| Research & Development (R&D) | ₹ 0.20 Crores | ₹ 0.06 Crores | <ol style="list-style-type: none"> 1. Energy efficient batching plant gearbox development 2. High speed gearbox noise and performance checking test bed development 3. Development of products with optimized weight |
| Capital Expenditure (CAPEX) | ₹ 9.54 Crores | ₹ 3.03 Crores | <ol style="list-style-type: none"> 1. Diesel forklifts are replaced with Electric forklifts to reduce air pollutants emission and reduce diesel consumption 2. Energy efficient (Profile grinding machine) with dust extraction system, safety interlock system 3. Dedicated storage facility with compete fire alarm and fire detection system for storage of hazardous waste 4. Electric pallet truck for shifting of raw materials from store 5. Installation of energy efficient air compressors |

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

Yes, Shanthi Gears always advocates for sustainable supply chain. Vendors/service providers are encouraged to follow management practises outlined in international standards such as ISO 9001 and ISO 14001. In the future, the company plans to create a sustainable supply chain programme that will formalise environmental and social assessments for suppliers.

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.

We have environmental management system where we have operational control procedures to generate, handle, store and disposal of wastes like plastics, E waste, hazardous wastes and other wastes.

Reclamation of product is not applicable due to the nature of business.

| Product | Process to safely reclaim the product |
|-----------------------------------|---------------------------------------|
| a. Plastics (including packaging) | NA |
| b. E-Waste | NA |
| c. Hazardous Waste | NA |
| d. Other Waste | NA |

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.

EPR is now required for all plastic packaging materials used in businesses. As a result, the organisation is in the process of applying for and registering for the EPR. The SOPs for recycling plastic waste is under development and it will be established across all operations after the registration process.

Leadership Indicators

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

SGL casings are mainly sourced from foundry process, which uses recycled material as a feed. With this, we are in the process of shortlisting few products to evaluate positive life cycle impact of few product categories in the near future.

| NIC code | Name of Product/ Service | % of total Turnover contributed | The boundary for which the Life Cycle Perspective/ Assessment was conducted | Whether conducted by an independent external agency (Yes/No) | Results communicated in the public domain (Yes/No) If yes provide web-link |
|----------|--------------------------|---------------------------------|---|--|--|
| | | | | | Nil |

2. If there are any significant social or environmental concerns and/or risks arising from the 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.

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). Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2022-2023 (Current Financial Year) | | | FY 2021-2022 (Previous Financial Year) | | |
|--------------------------------|--|----------|-----------------|---|----------|-----------------|
| | Reused | Recycled | Safely Disposed | Reused | Recycled | Safely Disposed |
| Plastics (including packaging) | Not Applicable | | | Not Applicable | | |
| E-waste | | | | | | |
| Hazardous waste | | | | | | |
| Other waste | | | | | | |

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

Reclamation of product is not applicable due to the nature of business.

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 | % of employees 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 Employees

| | | | | | | | | | | | |
|--------------|------------|------------|-------------|------------|-------------|-----------|-------------|------------|-------------|----------|-----------|
| Male | 247 | 247 | 100% | 247 | 100% | 0 | 0% | 247 | 100% | 0 | 0% |
| Female | 18 | 18 | 100% | 18 | 100% | 18 | 100% | 0 | 0% | 0 | 0% |
| Total | 265 | 265 | 100% | 265 | 100% | 18 | 100% | 247 | 100% | 0 | 0% |

Other than Permanent Employees

| | | | | | | | | | | | |
|--------------|------------|----------|-----------|------------|-------------|----------|-----------|----------|-----------|----------|-----------|
| Male | 139 | 0 | 0% | 139 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |
| Female | 10 | 0 | 0% | 10 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total | 149 | 0 | 0% | 149 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |

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

| Category | % of employees 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 Employees

| | | | | | | | | | | | |
|--------------|------------|------------|-------------|------------|-------------|----------|-------------|------------|-------------|----------|-----------|
| Male | 266 | 266 | 100% | 266 | 100% | 0 | 0% | 266 | 100% | 0 | 0% |
| Female | 5 | 5 | 100% | 5 | 100% | 5 | 100% | 0 | 0% | 0 | 0% |
| Total | 271 | 271 | 100% | 271 | 100% | 5 | 100% | 266 | 100% | 0 | 0% |

Other than Permanent Employees

| | | | | | | | | | | | |
|--------------|------------|----------|-----------|------------|-------------|----------|-----------|----------|-----------|----------|-----------|
| Male | 830 | 0 | 0% | 830 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |
| Female | 53 | 0 | 0% | 53 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total | 883 | 0 | 0% | 883 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |

2. Details of retirement benefits, for Current FY and Previous Financial Year:

| Sl.No. | Benefits | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|--------|-----------------------|--|---|--|--|---|--|
| | | No. of employees covered as a % of total employees | No. of workers covered as a % of total worker | 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 worker | Deducted and deposited with the authority (Y/N/N.A.) |
| 1 | PF | 100% | 100% | Yes | 100% | 100% | Yes |
| 2 | Gratuity | 100% | 100% | Yes | 100% | 100% | Yes |
| 3 | ESI | 100% | 100% | Yes | 100% | 100% | Yes |
| 4 | Others-Please Specify | - | - | - | - | - | - |

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, the venues where Shanthi Gears conducts business are accessible to those with disabilities. Elevators, ramps, and other infrastructure are present in corporate office buildings and manufacturing facilities to accommodate people with diverse abilities. In all our significant units, occupational health centres with wheelchairs are available.

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.

Yes. We have implemented equal opportunity policy across all our operating facilities in accordance with the Rights of Persons with Disabilities Act, 2016. The policy is available to all our employees through the company portal. [SGL Business Responsibility Policy \(shanthigears.com\)](http://shanthigears.com/SGL_Business_Responsibility_Policy)

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

| Gender | Total number of people returned after parental leave in FY | Total Number of people who took parental leave in FY | Return to work rate | Total Number of people retained for 12 months after returning from parental leave | Total number of people returned from parental leave in prior FY | Retention Rate |
|----------------------------|--|--|---------------------|---|---|----------------|
| Permanent Employees | | | | | | |
| Male | 2 | 2 | 100% | 0 | 0 | - |
| Female | 0 | 0 | - | 0 | 0 | - |
| Others | - | - | - | - | - | - |
| Total | 2 | 2 | 100% | 0 | 0 | - |
| Permanent Workers | | | | | | |
| Male | 0 | 0 | - | 0 | 0 | - |
| Female | 0 | 0 | - | 0 | 0 | - |
| Others | - | - | - | - | - | - |
| Total | 0 | 0 | - | 0 | 0 | - |

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.

| Category | Yes/No | Details of the mechanism in brief |
|--------------------------------|---|-----------------------------------|
| Permanent Workers | Yes, the Company has in place the Whistle Blower policy and Welfare Committee that takes care of employee grievances. It also conducts POSH Meetings and Union Meetings, Canteen/Works/Safety Committee meetings Communication meeting. Dedicated channels for raising such grievances have been put in place and communicated to all the concerned stakeholders for smooth and direct communication. All non-permanent employees who work in Shanthi Gears manufacturing locations are covered as part of Shanthi Gear's policy frameworks | |
| Other than Permanent Workers | | |
| Permanent Employees | | |
| Other than Permanent Employees | | |

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

| Category | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|----------|--|--|---------|--|--|---------|
| | 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) |

Permanent Employees

| | | | | | | |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Male | NA | NA | NA | NA | NA | NA |
| Female | NA | NA | NA | NA | NA | NA |
| Others | - | - | - | - | - | - |
| Total | NA | NA | NA | NA | NA | NA |

Permanent Workers

| | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|
| Male | 266 | 182 | 68% | 277 | 187 | 68% |
| Female | 05 | 05 | 100% | 05 | 05 | 100% |
| Others | - | - | - | - | - | - |
| Total | 271 | 187 | 69% | 282 | 192 | 68% |

8. Details of training given to employees and workers:

| Category | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|---|--|---|-------------|--|---|-------------|
| | Total employees/workers in respective category (A) | No. of employees/workers in respective category, who received Skill Training (B) | % (B/A) | Total employees/workers in respective category (C) | No. of employees/workers in respective category, who received Skill Training (D) | % (D/C) |
| a. Details of Skill training given to employees and workers. | | | | | | |
| Permanent Employees | | | | | | |
| Male | 247 | 217 | 88 | NA | NA | NA |
| Female | 18 | 18 | 100 | NA | NA | NA |
| Total | 265 | 235 | 89 | NA | NA | NA |
| Permanent Workers | | | | | | |
| Male | 266 | 266 | 100 | NA | NA | NA |
| Female | 05 | 05 | 100 | NA | NA | NA |
| Total | 271 | 271 | 100 | NA | NA | NA |
| b. Details of training on Health and Safety given to employees and workers | | | | | | |
| Category | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
| | Total employees/workers in respective category (A) | No. of employees/workers in respective category, who received training on Health and Safety (B) | % (B/A) | Total employees/workers in respective category (C) | No. of employees/workers in respective category, who received training on Health and Safety (D) | % (D/C) |
| Permanent Employees | | | | | | |
| Male | 247 | 247 | 100% | 259 | 259 | 100% |
| Female | 18 | 18 | 100% | 11 | 11 | 100% |
| Total | 265 | 265 | 100% | 270 | 270 | 100% |
| Permanent Workers | | | | | | |
| Male | 266 | 266 | 100% | 261 | 261 | 100% |
| Female | 05 | 05 | 100% | 41 | 41 | 100% |
| Total | 271 | 271 | 100% | 302 | 302 | 100% |

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

| Category | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|------------------|--|--|------------|--|--|------------|
| | Total employees/workers in respective category (A) | No. of employees/workers in respective category, who had a career review (B) | % (B/A) | Total employees/workers in respective category (C) | No. of employees/workers in respective category, who had a career review (D) | % (D/C) |
| Employees | | | | | | |
| Male | 386 | 250 | 65% | 393 | 156 | 40% |
| Female | 28 | 20 | 71% | 30 | 19 | 63% |
| Total | 414 | 270 | 65% | 423 | 175 | 41% |
| Workers | | | | | | |
| Male | 1,096 | 493 | 45% | 1,035 | 846 | 82% |
| Female | 58 | 12 | 21% | 63 | 20 | 32% |
| Total | 1,154 | 505 | 44% | 1,098 | 866 | 79% |

10. Health and safety management system:

| | | | |
|---|--|------------------------------|-------------------|
| a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No) | 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). | | |
| a.1. What is the coverage of such system? | Management Standards | Total Plant locations | Certified* |
| | ISO 14001 | 3 | 3 |
| | ISO 45001 | 3 | 3 |
| Note: * Certificates are expected by 1st week of April 2023 | | | |
| b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? | <ul style="list-style-type: none"> Hazard identification and risk assessment is being carried out for identifying potential hazards/risks and risk reduction programs are taken up based on this risk assessment for elimination/minimizing risks. SHE committee meetings are conducted with equal participation from workmen, management & contractors for addressing safety hazards & risks. Safety critical points such as Limit switches, sensors etc. checks are covered under PM checklist and their working conditions are ensured. Annual safety audit through external experts are also planned for all the plant locations. Work permit system to ensure safety during hazardous and non-routine activities. On a weekly basis - Safety review meetings are conducted at all levels/Safety walk carried out by Plant team and safety professionals. Identified critical areas will undergo assessment on a weekly/monthly/quarterly/annual basis, which includes unsafe acts, unsafe working conditions, etc. | | |

| | |
|--|--|
| c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No) | Yes, workers would use EHS Reporting card/EHS Suggestion scheme to report their work-related hazards. SGL has implemented Safety Steward Program, where workers are trained to collate/update/report safety observations, also they will participate in Safety committee meetings, to report work related hazards. |
| d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No) | Yes, the employees/workers have access to non-occupational medical and health care services. For smaller issues/concerns they get treated at factory occupational health centres and assisted by trained first aid personal. For other issues, on a need basis they are referred to hospitals and get covered under medical insurance. |

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

| Safety Incident/Number | Category | FY 2021-2022 Current Financial Year | FY 2020-2021 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

- For ensuring a safe and healthy workplace, the following actions are being taken,
- For preventing re-occurrence of same phenomenon, each accident is being analysed, root causes are identified, and corrective measures are taken. Through, Incident alerts through email communication for PC users and visual display for Shop floor employee on the root cause, corrective & preventive measures.
- As a proactive approach, for eliminating potential hazards & risks the following actions are being taken:
- Leadership dashboard update on Safety performance
- Regular Leadership guidance/review on the safety process establishments
- Safety patrol/walkthroughs/Toolbox talks
- Safety audit (Internal & External experts)
- Process wise hazard identification & risk assessment.
- Safety training to all categories of employees including safety induction
- Fire drills & mock drills for emergency preparedness and handling.
- Health camps & medical check-ups
- Consequence management for safety
- LOTO system for electrical safety
- Work permit system
- Safety checks & testing on material handling equipments, pressure vessels, earth pits, Power presses for ensuring safe operation
- Acoustic enclosures for identified high noise equipments
- Interlock & machine guarding has been implemented on the applicable processes

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

| Topic | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|--------------------|---------------------------|---------------------------------------|--|----------------------------|---------------------------------------|---------|
| | 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 | 1,437 | 28 | Pending resolutions are being monitored and are at the final stage | 1,219 | 0 | |
| 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 | |

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.

- Hydraulic scissor lifting platform for handling materials in component stores
- Human detection system (Artificial Intelligence) installation in applicable forklifts for preventing accidents during forklift movement
- Inter-bay transfer trolley for shifting the materials from one bay to other in Helical assembly
- Ammonia leak detection system in furnace (Gas Nitriding Furnace)
- Self-contained breathing apparatus kit to safely evacuate victims during emergency
- Moving alarm and Reverse movement indication Light in forklifts
- Extraction system for thread milling machines
- Portable cylinder handling trolleys provided for safe movement
- ELCB Installation in electrical panel boards of applicable power tools
- Ground leakage detector (GLD) for all Electric Induction Furnace
- Dust extraction system in applicable areas (Furnace, Knockout areas)
- Acoustic enclosure for applicable equipment of high noise generation
- Interlock arrangements in Electric panel of Induction furnace for Dust extraction system and cooling line system
- Pouting platform for safe operation in hand moulding area
- Roof sheet replacement in applicable areas
- Anti-slippery mats in applicable working tables of worm assembly

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 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
| Employees | Nil | | Nil | |
| Workers | 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 practices | 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 their stakeholders.

Essential Indicators

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

At Shanthi Gears, we place a great value on stakeholder input and feedback, which is taken into account while developing our business strategy and sustainability practises. We work with our stakeholders to identify the social, environmental, and economic issues that are important to them and also to the organization, through formal and informal channels that include consultations with local communities, supplier/vendor meetings, customer/employee engagement surveys, investor forums, Corporate Social Responsibility (CSR) initiatives, dealer conferences etc. The Company considers its employees, business associates, suppliers, dealers, customers, shareholders/investors and communities surrounding its operations and regulatory authorities who have the potential to impact the Organisation, as its key 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.

The Company leverages various formal as well as informal channels communication to engage its stakeholders with the Board. These encompass digital means as well as Corporate Social Responsibility (CSR) initiatives, statutory report, learning and development platforms and events for internal communications. Other significant topics are communicated to the Board at regular intervals through various channels.

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. Stakeholder Consultation plays a pivotal role in arriving at the material issues for Shanthi Gears. Each of the stakeholder group bring a different perspective on materiality and the Company has developed the strategy basis stakeholder priorities. Further, action plan and roadmap have been set in place to fulfil the requirements of expectations of stakeholders.

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

Shanthi Gears, being part of Murugappa Group is known for its tradition of philanthropy and community service. The Company's philanthropy is to reach out to the community especially the underprivileged disadvantaged, vulnerable and marginalized stakeholders and continuously engages with all such stakeholders in identifying, prioritising, and serving their needs accordingly especially in the field of education and healthcare (core focus area).

The company has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. Various program identified & implemented in the last fiscal year include providing infrastructure support to Kannampalayam & Muthalipalayam Government school i.e., smart digital learning tools, refurbishing classrooms to upgrade the facilities available to students; providing scholarships to meritorious students with financial constraints, providing e-truck to a Krishnapuram panchayat for collection of garbage and fund for research and development program.

The research & development 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.

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 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|------------------------|---------------------------|--------------------------------------|------------|----------------------------|--------------------------------------|------------|
| | Total (A) | No. of employees/workers covered (B) | % (B/A) | Total (C) | No. of employees/workers covered (D) | % (D/C) |
| Employees | | | | | | |
| Permanent | 265 | 265 | 100% | 249 | 249 | 100% |
| Other than permanent | 149 | 0 | 0% | 174 | 0 | 0% |
| Total Employees | 414 | 265 | 64% | 423 | 249 | 59% |
| Workers | | | | | | |
| Permanent | 271 | 0 | 0% | 282 | 0 | 0% |
| Other than permanent | 883 | 0 | 0% | 816 | 0 | 0% |
| Total Workers | 1154 | 0 | 0% | 1098 | 0 | 0% |

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

| Category | FY 2022-2023 (Current FY) | | | | | FY 2021-2022 (Previous FY) | | | | |
|-----------------------------|---------------------------|-----------------------|---------|------------------------|---------|----------------------------|-----------------------|---------|------------------------|---------|
| | 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 | | | | | | | | | | |
| Male | 247 | - | - | 247 | 100% | 223 | - | - | 223 | 100% |
| Female | 18 | - | - | 18 | 100% | 26 | - | - | 26 | 100% |
| Other than Permanent | | | | | | | | | | |
| Male | 139 | - | - | 139 | 100% | 170 | - | - | 170 | 100% |
| Female | 10 | - | - | 10 | 100% | 04 | - | - | 4 | 100% |
| Workers | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 266 | - | - | 266 | 100% | 277 | - | - | 277 | 100% |
| Female | 05 | - | - | 05 | 100% | 05 | - | - | 05 | 100% |
| Other than Permanent | | | | | | | | | | |
| Male | 830 | 20 | 2.5% | 810 | 97.5% | 767 | 20 | 2.6% | 747 | 97.4% |
| Female | 53 | 53 | 100% | - | - | 49 | 49 | 100% | - | - |

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

| | Male | | Female | |
|----------------------------------|--------|--|--------|--|
| | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category |
| Board of Directors (BoD) | 7 | – | 1 | – |
| Key Managerial Personnel | 3 | 38,53,600 | – | – |
| Employees other than BoD and KMP | 247 | 6,00,000 | 18 | 5,18,520 |
| Permanent Workers | 266 | 5,03,034 | 5 | 4,96,188 |

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)

Yes, the Internal Complaints Committee (w.r.t POSH) and the human resources departments are responsible for addressing human rights impacts or issues caused or contributed to by the business

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

An MIS on customer complaints is circulated to the customer grievance redressal committee (“the committee”). The Company has a POSH policy in place that acts as a blanket in addressing grievances related to human rights issues. Further, Shanthi Gears Whistle Blower Policy and Code of Conduct provides guidelines for the committee formation and working, should there be an investigation.

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

| | FY 2022-2023 (Current FY) | | | FY 2021-2022 (Previous FY) | | |
|-----------------------------------|---------------------------|---------------------------------------|---------|----------------------------|---------------------------------------|---------|
| | 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 Complaints | | | Zero Complaints | | |
| Discrimination at workplace | | | | | | |
| Child Labour | | | | | | |
| Forced Labour/ Involuntary Labour | | | | | | |
| Wages | | | | | | |
| Other human rights related issues | | | | | | |

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

The Company has an internal committee (w.r.t POSH policy) which addresses grievances related discrimination and harassment cases. Whistle-blower Policy provides Directors, Employees, customers and vendors an avenue to raise concerns, in line with the commitment of Shanthi Gears to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication.

Code of Conduct addresses grievances related to employee’s conduct at work.

8. 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.

9. Assessments for 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 | |
| Others – please specify | |

10. 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, the Company’s operating locations are accessible to differently abled employees, workers and visitors. Corporate office locations and plants have Ramps, sidewalks and elevators and all the necessary infrastructure to support differentially abled. Sign-boards are placed at every location to assist employees/workers with hearing aids. Wheel-chairs are available in Occupational Health Centres in all 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 |
|-----------------------------|---|
| Child labour | We are, at present, looking into formulating a sustainable supply chain program to assess social and environmental practices of our suppliers |
| Forced/involuntary labour | |
| Sexual harassment | |
| Discrimination at workplace | |
| 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 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|--|---------------------------|----------------------------|
| Total electricity consumption (A) (GJ) | 9,614 | 10,720 |
| Total fuel consumption (B) (GJ) | 4,316 | 4,049 |
| Energy consumption through other sources (C) (GJ) | Wind: 39,329 | Wind: 35,715 |
| Total energy consumption (A+B+C) (GJ) | 53,259 | 50,484 |
| Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) (GJ per crore INR of revenue) | 120 | 150 |
| Energy intensity (optional) – the relevant metric may be selected by the entity | NA | 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 assessment was carried out by any external agencies, however internal control points are adhered to keep track of data.

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 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|---|---------------------------|----------------------------|
| Water withdrawal by source (in kilolitres) | | |
| i. Surface water | Nil | Nil |
| ii. Groundwater | 27,385 | 28,137 |
| iii. Third party water | 11,647 | 9,477 |
| iv. Seawater/desalinated water | Nil | Nil |
| v. Others (Rainwater storage) | Nil | Nil |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 39,032 | 37,614 |
| Total volume of water consumption (in kilolitres) | 39,032 | 37,614 |
| Water intensity per rupee of turnover (Water consumed / turnover) (kl per crore INR of revenue) | 88 | 112 |
| Water intensity (optional) – the relevant metric may be selected by the entity | NA | 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 assessment was carried out by any external agencies, however internal control points are adhered to keep track of data

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

Yes, the Company is equipped with sewage treatment plant and the treated water is recycled and reused for Gardening. Relevant consent to operate with the state pollution control board is obtained with the limits of operations and usage of the water.

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

| Parameter | Please specify unit | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|-------------------------------------|---------------------|---------------------------|----------------------------|
| NOx | mg/m3 | 18 | 19 |
| SOx | mg/m3 | 10 | 11 |
| Particulate matter (PM) | mg/m3 | 47 | 46 |
| Persistent organic pollutants (POP) | NA | NA | NA |
| Volatile organic compounds (VOC) | NA | <0.1 | <0.1 |
| Hazardous air pollutants (HAP) | mg/m3 | NA | NA |
| Others – please specify | PPM | NA | 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

No assessment was carried out by any external agencies, however internal control points are adhered to keep track of data.

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

| Parameter | Unit | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|---|------------------------------|---------------------------|----------------------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | tCO ₂ e | 250 | 284 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | tCO ₂ e | 2,163 | 2,412 |
| Total Scope 1 and Scope 2 emissions | tCO ₂ e | 2,414 | 2,696 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover (tonnes per crore INR of revenue) | tCO ₂ e/crore INR | 5 | 8 |

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, however internal control points are adhered to keep track of data.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide detail

• **Renewable energy:**

i. The company has 9 Windmills with a total capacity of 6.7 MW and the generated units were used for captive production

• **Energy efficiency measures:**

- i. Diesel forklifts replaced with Electric forklifts to reduce air emissions
- ii. Installation of energy efficient machine with dust extraction system and safety interlock system
- iii. Conventional lights replaced with LED lights and day light saving measures observed in most of our buildings

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

| Parameter | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|---|---------------------------|----------------------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 11.4 | 7.3 |
| E-waste (B) | 0.8 | 1.4 |
| Bio-medical waste (C) | 0.06 | 0.04 |
| Construction and demolition waste (D) | - | - |
| Battery waste (E) | 6.85 | 5.10 |
| Radioactive waste (F) | Not Applicable | Not Applicable |
| Other Hazardous waste. Please specify, if any. (G) | 316.01 | 307.64 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 2,085.68 | 1,884.91 |
| Total (A+B + C + D + E + F + G+ H) | 2,420.83 | 2,206.38 |

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

| Category of waste | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|--------------------------------|---------------------------|----------------------------|
| i. Recycled | 5.8 | - |
| ii. Re-used | - | - |
| iii. Other recovery operations | - | - |
| Total | 5.8 | - |

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

| Category of waste | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|---|---------------------------|----------------------------|
| i. Incineration | - | - |
| ii. Landfilling | - | - |
| iii. Other disposal operations (Co-processing in Kilns) | 172.37 | 190.09 |
| Total | 172.37 | 190.09 |

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, however internal control points are adhered to keep track of data.

9. 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.

- SGL has adopted the 3R principle (Reduce, Reuse & Recycle) to effectively manage and reduce its waste generation. Safe and effective practices are employed across all the business units for handling the wastes generated in the respective areas. We have environmental management system where we have operational control procedures for control, segregation, storage, and safe disposal of waste generation.
- Training is provided to all employees for identifying and disposal of Bio degradable, Non-biodegradable and hazardous waste.
- All waste is segregated safely and moved to the concerned storage area without spillage. The waste is disposed to authorised waste handlers for recycling and co processing. Hazardous waste authorisations are obtained from the respective State Pollution control boards for the safe and authorised disposals with the specified quantities.

10. 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:

| Sl. 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 | | | |

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

| Sl. 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. 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:

| Sl. No. | Specify the law/regulation/guidelines which was not complied with | Provide details of the non-compliance | Any fines/penalties/action taken by regulatory agency such as pollution control boards or by courts | Corrective action taken, if any |
|--|---|---------------------------------------|---|---------------------------------|
| Yes, Shanthi Gears is compliant with the applicable environmental law/regulations/guidelines | | | | |

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

| Parameter | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|--|---------------------------|----------------------------|
| From renewable sources | | |
| Total electricity consumption (A) (GJ) | 39,329 | 35,715 |
| Total fuel consumption (B) | Nil | Nil |
| Energy consumption through other sources (C) | Nil | Nil |
| Total energy consumed from renewable sources (A+B+C) (GJ) | 39,329 | 35,715 |
| From non-renewable sources | | |
| Total electricity consumption (D) (GJ) | 9,614 | 10,720 |
| Total fuel consumption (E) (GJ) | 4,316 | 4,049 |
| Energy consumption through other sources (F) (GJ) | - | - |
| Total energy consumed from non-renewable sources (D+E+F) | 13,930 | 14,769 |

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, however internal control points are adhered to keep track of data.

2. Provide the following details related to water discharged:

| Parameter | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|--|---|---|
| Water discharge by destination and level of treatment (in kiloliters) | | |
| i. To Surface water | Nil | Nil |
| - No treatment | | |
| - With treatment - please specify level of Treatment | | |
| ii. To Groundwater | | |
| - No treatment | | |
| - With treatment - please specify level of Treatment (KL) | 18,318 ETP – Oil skimmer; STP – Anaerobic/Aerobic | 19,356 ETP – Oil skimmer; STP – Anaerobic/Aerobic |
| iii. To Seawater | Nil | Nil |
| - No treatment | | |
| - With treatment - please specify level of Treatment | | |
| iv. Sent to third-parties | Nil | Nil |
| - No treatment | | |
| - With treatment - please specify level of Treatment | | |
| v. Others | Nil | Nil |
| - No treatment | | |
| - With treatment - please specify level of Treatment | | |
| Total water discharged (in kiloliters) | 18,318 | 19,356 |

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, however internal control points are adhered to keep track of data.

3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters): Not Applicable

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

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, however internal control points are adhered to keep track of data.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format: Not Applicable

| Parameter | Unit | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|--|------|---------------------------|----------------------------|
| Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | | | |
| Total Scope 3 emissions per rupee of turnover | | | Not Applicable |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | | |

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, however internal control points are adhered to keep track of data.

5. 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

6. 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:

| Sl. No. | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative (Impact) |
|---------|-----------------------|---|--|
| 1 | Renewable energy | i. Offsite wind captive generation | Reduction of climate change by having more than 80% of energy source through renewable power. Through this we have reduced around 8,900 tones of CO2 Eq. in the current year |
| 2 | Energy efficiency | i. Diesel forklifts replaced with Electric forklifts to reduce air emissions ii. Installation of energy efficient machine with dust extraction system and safety interlock system iii. Conventional lights replaced with LED lights and day light saving measures observed in most of | We at SGL, always improve efficiency levels year on year. Through those initiatives we have saved around 30 tons of CO2 Eq. in the current year |
| 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 | i. Initiatives for decrease in raw water consumption a. Installation of aerated taps in hand wash areas b. Float valve installation to prevent excess overflow of water from tanks c. Process improvement in canteen to reduce freshwater consumption by reducing multiple washing of cups after each batch d. Installation of flow meters to track and monitor the water consumption e. Water leak rectifications in Canteen and Toilet areas ii. Reduction of ground water consumption for gardening, by using treated waste water |
| 4 | Waste Management | i. Non-recyclable wastes are diverted to co-processing in cement kilns ii. Recyclable wastes like cardboard and plastics are sold for recycling | i. In total 168.62 Metric tons of non-recyclable wastes were diverted from landfill and sent to co-processing units ii. In total 1816.65 Metric tons of wastes like cardboard and plastics were sold to authorized recycler |

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

The company is working towards developing a disaster management plan for the future.

8. 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

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

We are, at present, looking into formulating a sustainable supply chain program to assess social and environmental practices of our suppliers. In terms of the coverage it will around suppliers around SGL, we are in the process of categorizing our supplier base based on criticality matrix to the start the assessment

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 trade 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 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 | National |

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

| Name of Authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| | | Not Applicable |

Leadership Indicators

1. Details of public policy positions advocated by the entity

| Sl.No. | Public policy advocated | Method resort for such advocacy | Whether the information is available in public domain? (Yes/No) | Frequency of review by board (Annually/Half yearly/Quarterly/ Other-please specify) | Web Link, if available |
|--------|-------------------------|---------------------------------|---|---|------------------------|
|--------|-------------------------|---------------------------------|---|---|------------------------|

As a responsible corporate citizen, the Company as a part of major industry associations/chambers makes recommendations/representations before regulators and associations for advancement and improvement of industrial climate in India. The Company also represents its views/opinions on energy security, economic reforms, governance etc.

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.

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

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 local or small-scale suppliers:

| | FY 2022-2023 (Current FY) | FY 2021-2022 (Previous FY) |
|--|---------------------------|----------------------------|
| Directly sourced from MSMEs/Small producers | 37% | 35% |
| Sourced directly from within the district and neighbouring districts | 24% | 12% |

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):

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 information | Amount spent in INR |
|-------|-----------------------------------|---------------------|
|-------|-----------------------------------|---------------------|

Currently, CSR projects are identified and carried out based on the requirement of the community, in Coimbatore district (Tamil Nadu)

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
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.
Not Applicable

6. Details of beneficiaries of CSR Projects.

| Sl.No. | CSR Project | No of persons benefited from CSR Projects | % of beneficiaries from vulnerable and marginalized group |
|--------|---|---|--|
| 1 | School renovation project: Kannampalayam The Company has taken initiatives of providing infrastructure support to Kannampalayam Government school i.e., smart digital learning tools, refurbishing classrooms to upgrade the facilities available to students. | 60 | 100% |
| 2 | School renovation project: Muthalipalayam The Company has taken initiatives 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 | Scholarship: This scholarship aims to provide financial incentives to students who are meritorious but are unable to afford it due to financial constraints. Every year, 4 students from PSG Institutions are awarded each with INR 20,000 as part of this initiative | 4 | 100% |
| 4 | E-truck for community garbage collection: The Krishnapuram panchayat has received a e-truck to assist with its garbage waste collection from 5000 inhabitants | 5,000 | 100% |
| 5 | 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. | Not applicable | 100% (As the project is set to be implemented in Rural India) |

Principle 9: Businesses should engage with and provide value to their consumers in 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 are within 29 days.

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

| Type | As a percentage to total turnover |
|---|-----------------------------------|
| Environment and Social parameters relevant to product | Not Applicable |
| Safe and responsible usage | |
| Recycling and/or safe disposal | |

3. Number of consumer complaints:

| | FY 2022-2023 Current Financial Year | | FY 2021-2022 Previous Financial Year | |
|--------------------------------|--|---------------------------------------|---|---------------------------------------|
| | Received during the year | Pending resolution at the end of year | Received during the year | Pending resolution at the end of year |
| Data privacy | - | - | - | - |
| Advertising | - | - | - | - |
| Cyber-security | - | - | - | - |
| Delivery of essential services | - | - | - | - |
| Restrictive Trade Practices | - | - | - | - |
| Unfair Trade Practices | - | - | - | - |
| Others (Quality) | 134 | - | 37 | - |

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

| | Number | Reason for recall |
|-------------------|---|-------------------|
| Voluntary recalls | The Company follows high quality standards which are monitored through productivity and quality metrics. Any 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

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.

The Company firmly believes in being a quality and customer centric organisation offering products/goods of genuine value to all its discerning customers that meets with their expectations every time. The products/goods of the Company undergo several quality checks at every level of the production process chain. Well-defined Standard Operating Procedures (SOPs) and processes aid in identifying and eradicating process/system impediments. Also, the Company displays product information on all product/goods of the Company in accordance with the Legal Metrology Act, 2011 for the safe and responsible usage.

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 and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief.

Yes, the Company displays product information on all product/goods of the Company in accordance with the Legal Metrology Act, 2011 and the applicable Rules thereunder/other laws. In addition, wherever it is considered relevant and appropriate for facilitating better usage of the product/goods by the customer, additional information about the products/goods, the use and the mode of handling thereof are also provided.

5. 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)

No formal survey but the Company uses formal and informal channels like regular market interactions, to ensure that we take care of customer satisfaction.

6. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact - Not Applicable
b. Percentage of data breaches involving personally identifiable information of customers - Not Applicable



HIGHER VOLUME PINION STAND GEARBOX FOR BLOOMING MILL





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 appointment as Non-Executive Director of the Company liable to retire by rotation is placed at this meeting for shareholder's approval are Non-Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. M Karunakaran is the Whole-time Director (Executive) of the Company.

Mr. L Ramkumar, Mr. J Balamurugan, Ms. Soundara Kumar, Mr. S K Sundararaman and Mr. 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, Mr. S K Sundararaman and Mr. 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 reappointment of Mr. S K Sundararaman for second term as Independent Director for a period of five consecutive years commencing from 26th July, 2023 till 25th July, 2028 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 six meetings of the Board during the financial year 2022-23. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31st March, 2023 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 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 and 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, 2023. 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 four times during the year ended 31st March, 2023. 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, 2023 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 three times during the year ended 31st March, 2023. 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

Mr. 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, 2023. 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.

There was one complaint pending as on 31st March, 2023 regarding dematerialization of shares and subsequently it got resolved.

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. 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 16th March, 2023, 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>

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. M/s. SKDC. Consultants Limited, Coimbatore is the Company's Registrar & 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.

Coimbatore
9 May 2023

Other 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 Company paid fine of ₹64, 000 inclusive of GST to Bombay Stock Exchange and National Stock Exchange for delay in filing Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t Related Party Transaction. There are no penalties 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 shareholder's reference.

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, 2023 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Coimbatore
9 May 2023

M Karunakaran
Whole-time Director
(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 six times during the financial year 2022-23. The dates of the Board meetings were 07th May, 2022, 25th July, 2022, 05th September, 2022, 21st October, 2022, 25th January, 2023 and 16th March, 2023.

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, 2023 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, 2023 |
|---------|-----------------------|---|--|--|------------------------|---|
| 1 | Mr. M A M Arunachalam | 6(6) | 9(4) | 5(1) | Present | - |
| 2 | Mr. L Ramkumar | 6(6) | 2(1) | 3(2) | Present | - |
| 3 | Mr. J Balamurugan | 6(6) | 3 | 1 | Present | - |
| 4 | Ms. Soundara Kumar | 6(6) | 7 | 6(2) | Present | - |
| 5 | Mr. S K Sundararaman | 4(6) | 5 | 8(2) | Present | - |
| 6 | Mr. Krishna Samaraj | 6(6) | 3 | 2 | Present | - |
| 7 | Mr. Mukesh Ahuja | 6(6) | 2 | - | Present | - |
| 8 | Mr. M Karunakaran | 6(6) | 1 | - | Present | 1512 Equity Shares |

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 2022-23. The committee got reconstituted on 26th July, 2022. The dates of meetings were 07th May, 2022, 25th July, 2022, 21st October, 2022 and 25th January, 2023. 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* | 2(2) |
| 2 | Ms. Soundara Kumar | 4(4) |
| 3 | Mr. J Balamurugan | 4(4) |
| 4 | Mr. S K Sundararaman | 3(4) |

* Appointed w.e.f 26th July, 2022

d. Composition of Nomination and Remuneration Committee and Attendance

The Committee met four times during the financial year ended 31st March, 2023. The committee got reconstituted on 26th July, 2022. The dates of meetings were 07th May, 2022, 25th July, 2022, 25th January, 2023 and 16th March, 2023. 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(2) |
| 2 | Mr. M A M Arunachalam* | 2(2) |
| 3 | Mr. J Balamurugan | 4(4) |
| 4 | Mr. L Ramkumar** | 2(2) |
| 5 | Mr. S K Sundararaman** | 1(2) |

* Appointed w.e.f 26th July, 2022

** Ceased w.e.f 25th July, 2022

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, 2023 are as follows:

Table 4 (Amount in ₹)

| Sl. No. | Name of the Directors | Commission* | Sitting Fees | Total |
|--------------|-----------------------|------------------|------------------|------------------|
| 1 | Mr. M A M Arunachalam | - | 1,80,000 | 1,80,000 |
| 2 | Mr. L Ramkumar | 5,00,000 | 3,00,000 | 8,00,000 |
| 3 | Ms. Soundara Kumar | 5,00,000 | 2,80,000 | 7,80,000 |
| 4 | Mr. 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. Krishna Samaraj | 5,00,000 | 1,80,000 | 6,80,000 |
| 7 | Mr. Mukesh Ahuja | - | - | - |
| Total | | 25,00,000 | 14,60,000 | 39,60,000 |

*will be paid after the adoption of accounts by the Shareholders at the 50th Annual General Meeting

f. Composition of Corporate Social Responsibility Committee and Attendance

The Committee met three times during the financial year ended 31st March, 2023. The committee got reconstituted on 26th July, 2022. The dates of meeting were 07th May, 2022, 25th July, 2022 and 25th January, 2023. 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* | 1(1) |
| 2 | Mr. M A M Arunachalam* | 1(1) |
| 3 | Mr. S K Sundararaman | 3(3) |
| 4 | Mr. M Karunakaran* | 1(1) |
| 5 | Mr. L Ramkumar** | 2(2) |
| 6 | Ms. Soundara Kumar** | 2(2) |

* Appointed w.e.f 26th July, 2022

** Ceased w.e.f 25th July, 2022

g. Composition of Stakeholders Relationship Committee and Attendance

The Committee met once during the financial year ended 31st March, 2023. The committee got reconstituted on 26th July, 2022. The date of meeting was 16th March, 2023. 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 | Mr. S K Sundararaman, Chairman | 1(1) |
| 2 | Mr. Krishna Samaraj | 1(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, 2023. The committee got reconstituted on 26th July, 2022. The date of meeting was 21st October, 2022 and 16th March, 2023. 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. Krishna Samaraj, Chairman | 2(2) |
| 2 | Mr. L Ramkumar | 2(2) |
| 3 | Mr. Mukesh Ahuja | 2(2) |
| 4 | Mr. M Karunakaran | 2(2) |

On behalf of the Board

M A M Arunachalam

Chairman

(DIN-00202958)

Coimbatore

9 May 2023

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 - 641005

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 2023 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 | 00090089 | L Ramkumar | Non-Executive – Independent Director | 03/09/2012 |
| 2 | 00023309 | J Balamurugan | Non-Executive – Independent Director | 03/09/2012 |
| 3 | 01974515 | Soundara Kumar | Non-Executive – Independent Director | 31/03/2015 |
| 4 | 00002691 | S K Sundararaman | Non-Executive – Independent Director | 06/02/2018 |
| 5 | 00048547 | Krishna Samaraj | Non-Executive – Independent Director | 25/03/2019 |
| 6 | 00202958 | M A M Arunachalam | Non-Executive – Chairman | 10/02/2021 |
| 7 | 09004843 | Muthusamy Karunakaran | Executive Director, CEO-MD | 10/02/2021 |
| 8 | 09364667 | Mukesh Ahuja | NonExecutive – Non Independent Director | 22/10/2021 |

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: F004775E000271778

Place: Chennai

Date: 9 May 2023

Corporate Governance Certificate

The Members,

Shanthi Gears Limited

CIN: L29130TZ1972PLC000649

304 A, Trichy Road, Singanallur,

Coimbatore – 641005

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 - 641005 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, 2023. 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, 2023.

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: F004775E000271778

Place: Chennai

Date: 9 May 2023

GENERAL SHAREHOLDER INFORMATION

Company Registration

Corporate Identity Number (CIN) of the Company is L29130TZ1972PLC000649

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

Annual General Meeting

Day : Wednesday

Date : 26th July, 2023

Time : 4.30 P.M.

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

Tentative Calendar for 2023-24

| | |
|---|-----------------------------|
| Annual General Meeting | 26 th July, 2023 |
| Results for the Quarter Ending 30 th June, 2023 | 26 th July, 2023 |
| Results for the Quarter Ending 30 th September, 2023 | October/November, 2023 |
| Results for the Quarter Ending 31 st December, 2023 | January/February 2024 |
| Results for the Year Ending 31 st March, 2024 | April/May 2024 |

Book Closure Date: 17th July, 2023 to 26th July, 2023 (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 Saturday, 15th July, 2023 and the same will be paid on or before 25th August, 2023. During the financial year, in February 2023, 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 | 14.03.2025 |
| 2018-19 (Interim) | 26.12.2018 | 31.01.2026 |
| 2018-19 (Final) | 23.07.2019 | 28.08.2026 |
| 2019-20 (Interim) | 28.02.2020 | 04.04.2027 |
| 2020-21 (Interim) | 10.02.2021 | 18.03.2028 |
| 2021-22 (Interim) | 03.02.2022 | 11.03.2029 |
| 2022-23 (Interim) | 14.02.2023 | 22.03.2030 |

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., SKDC. Consultants 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 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 2023-2024 in respect of the above stock exchanges.

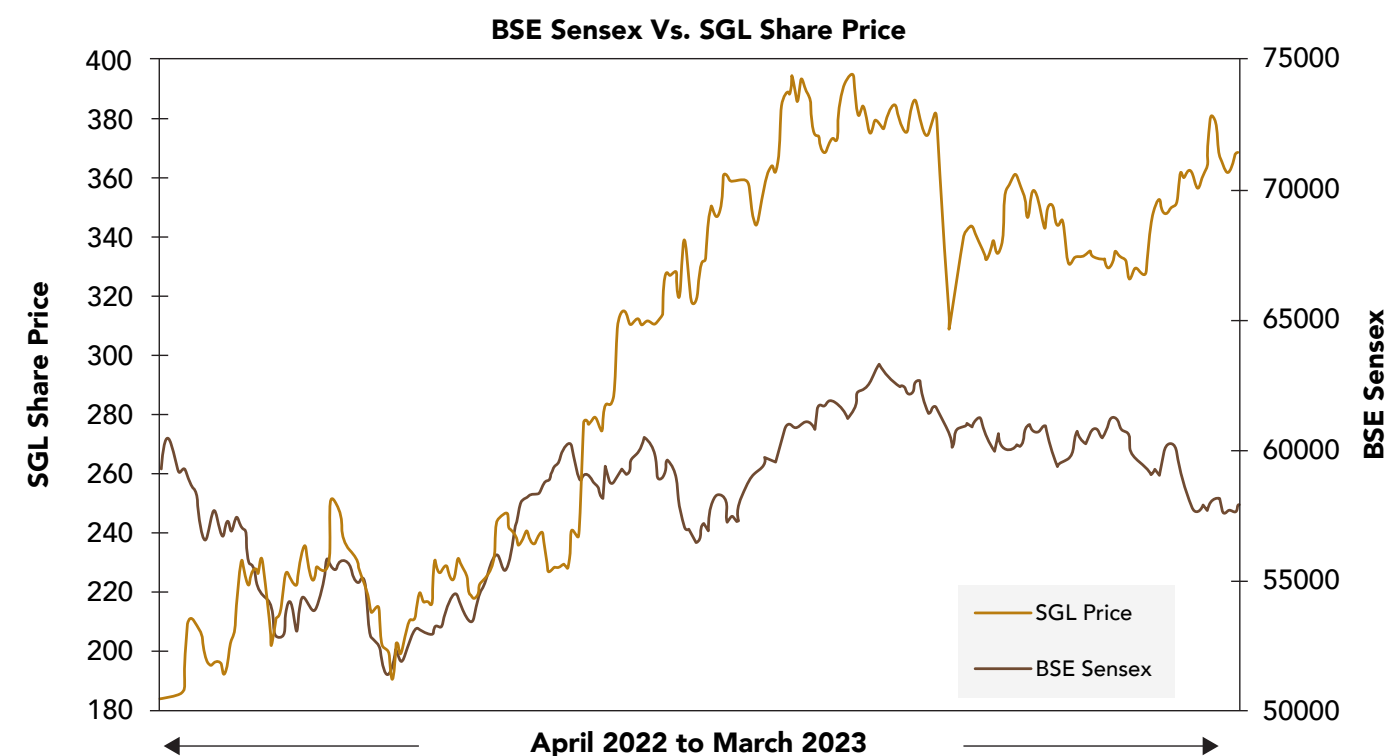
Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2022-23 are as follows:

| Month | NSE | | BSE | |
|----------------|----------------|---------------|----------------|----------------|
| | High (₹) Price | Low (₹) Price | High (₹) Price | High (₹) Price |
| April-2022 | 239.40 | 181.05 | 240.00 | 182.00 |
| May-2022 | 262.50 | 194.50 | 262.45 | 194.95 |
| June-2022 | 257.90 | 182.65 | 257.80 | 182.55 |
| July-2022 | 262.00 | 210.50 | 261.45 | 211.05 |
| August-2022 | 292.00 | 225.00 | 292.10 | 225.15 |
| September-2022 | 348.00 | 281.20 | 349.05 | 280.00 |
| October-2022 | 391.35 | 330.00 | 391.55 | 330.00 |
| November-2022 | 399.75 | 363.75 | 399.00 | 364.00 |
| December-2022 | 393.90 | 294.45 | 393.50 | 292.10 |
| January-2023 | 367.70 | 324.75 | 366.95 | 324.80 |
| February-2023 | 354.90 | 317.05 | 352.80 | 316.80 |
| March-2023 | 390.00 | 342.10 | 390.00 | 337.70 |

Performance in comparison to broad based indices

SGL Share Performance (April 2022 to March 2023)



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.

Registrar and Share Transfer Agents

SKDC Consultants Limited,
(a Subsidiary of Link Intime India Private Limited)
"Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,
Coimbatore – 641 028, Tamil Nadu, India
Phone: +91 422 4958995, 2539835/836 | Fax: +91 422 2539837
email: info@skdc-consultants.com | www.skdc-consultants.com

Shareholding pattern as on 31st March, 2023

| Sl. No. | Category | No. of Shares | % |
|--------------|--|--------------------|---------------|
| 1 | Promoters | 5,40,63,189 | 70.47 |
| 2 | Mutual Funds, Banks, Financial Institutions, Insurance Companies | 6,38,767 | 0.83 |
| 3 | Alternate Investment Funds | 6,600 | 0.01 |
| 4 | NRI's/OCB'S | 3,59,516 | 0.5 |
| 5 | Foreign Portfolio Investors | 28,35,920 | 3.7 |
| 6 | Foreign Financial institutions/Foreign Bank | 3,000 | - |
| 7 | Corporate Bodies | 24,27,390 | 3.7 |
| 8 | Indian Public | 1,57,86,913 | 20 |
| 9 | IEPF Authority | 3,76,948 | 0.5 |
| 10 | Unclaimed Share Suspense Account | 2,17,610 | 0.29 |
| Total | | 7,67,15,853 | 100.00 |

Distribution of Shareholding as on 31st March, 2023

| Sl. No. | No. of Shares held | No. of Shareholders | % | No. of Shares | % |
|--------------|--------------------|---------------------|---------------|--------------------|---------------|
| 1 | 1 to 500 | 21,612 | 88.12 | 18,80,017 | 2.45 |
| 2 | 501 to 1000 | 1,178 | 4.80 | 9,65,692 | 1.26 |
| 3 | 1001 to 2000 | 705 | 2.87 | 11,35,182 | 1.48 |
| 4 | 2001 to 3000 | 313 | 1.27 | 8,08,209 | 1.05 |
| 5 | 3001 to 4000 | 168 | 0.69 | 6,27,125 | 0.82 |
| 6 | 4001 to 5000 | 129 | 0.53 | 6,15,375 | 0.80 |
| 7 | 5001 to 10000 | 252 | 1.03 | 17,79,105 | 2.32 |
| 8 | 10001 and Above | 169 | 0.69 | 6,89,05,148 | 89.82 |
| Total | | 24,526 | 100.00 | 7,67,15,853 | 100.00 |

Dematerialisation of Shares and Liquidity

As on 31st March, 2023 7,59,92,373 shares were in dematerialised form representing 99.06% 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 (sub limit) - [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 |
|-----------------------|------------|-----------|--------------------|
| 31.03.2020 | 21.07.2020 | 4.00 P.M. | Video Conferencing |
| 31.03.2021 | 21.07.2021 | 4.00 P.M. | Video Conferencing |
| 31.03.2022 | 25.07.2022 | 4.00 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 |
|-------------|---|--|
| 21.07.2020 | Yes | 1. Re-appointment of Ms. Soundara Kumar as Independent Director 2. Payment of Commission to Non-executive Directors |
| 21.07.2021 | No | Not Applicable |
| 25.07.2022 | Yes | 1. Appointment of Mr. L Ramkumar as an Independent Director |

Resolution passed by Postal Ballot

There was no resolution passed by Postal Ballot during the Financial year 2022-23

Means of Communication

Summary of quarterly/annual results are published in the leading national English newspaper (Business Standard/Financial Express) and in one vernacular (Tamil) newspaper (Dinamani).

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 st April, 2022 | 159 | 2,25,530 |
| 2 | Number of Shareholder who approached the Company for transfer of their shares from Unclaimed Suspense Account during 01 st April, 2022 to 31 st March, 2023 | 2 | 2,870 |
| 3 | Number of Shareholder to whom shares were transferred from the Unclaimed Suspense Account during 01 st April, 2022 to 31 st March, 2023 | 2 | 2,870 |
| 4 | Shares relating to unclaimed dividend for 7 years transferred to Investors Education & Protection Fund account during the year 01 st April, 2022 to 31 st March, 2023 | 4 | 5,050 |
| 5 | Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31 st March, 2023 | 153 | 2,17,610 |

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, 2023 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.

Work Locations

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

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

Foundry Division: 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 | SKDC Consultants Limited "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028 Phone: (0422) 4958995, 2539835/836 ; Fax: (0422) 2539837 email: info@skdc-consultants.com Website: www.skdc-consultants.com |



HELICAL PLANETARY GEARBOX FOR IRON ORE BENEFICIATION PLANT



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 31 March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity 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 Responsibility 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 of the current period. 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.

| Sl. No. | Key Audit Matter | Auditor's Response |
|---------|---|--|
| 1 | <p>Valuation of inventory work in progress</p> <p>The Company has significant balance in inventory work in progress. The valuation of inventory work in progress are complex as it includes inputs for overheads from various process, each overhead is allocated to inventory work in progress based on different basis for allocation. Inventory work in progress are valued at lower of cost or net realisable value, and is dependent on establishing appropriate valuation processes. Management uses Information Technology System (Oracle) for calculating and apportioning the overheads cost in inventory work in progress.</p> | <p>Principal audit procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the determination and allocation of the overheads values to inventory work in progress and assessed and tested the appropriateness of capturing the overhead from various process, basis of allocation of overheads. Evaluated the design of internal controls relating to the overhead allocation in inventory work in progress and tested the operating effectiveness of the controls relating to overhead allocation of inventory work in progress. Tested the controls placed in Information Technology for overheads allocation in inventory work in progress using the experts. |

| Sl. No. | Key Audit Matter | Auditor's Response |
|---------|------------------|--|
| | | <ul style="list-style-type: none"> Traced on a sample basis, the cost of overheads considered for inventory work in progress to the actual cost of expenses accounted in the financial statements. Tested on a sample basis, the correctness of capturing of cost of overheads from various processes and tested on sample basis the correctness of basis of allocation of overheads in accordance with the GAAP. Verified on a sample basis, the cost of inventory and sales value agreed for inventory in the sales contract. Used Information technology expert to validate the Information system configurations that are relevant to allocation of overheads to the inventory work in progress. |

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Management Discussion & Analysis including annexures to the Board Report, Corporate Governance and Shareholder's Information, but does not include the financial statements, and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is 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, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility

also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial 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 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that, individually or in

aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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, as amended 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 30a 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. Following delay was noted in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year:

| Amount in ₹ Crore | Due date for remittance | Actual date of remittance |
|-------------------|-------------------------|---------------------------|
| 0.05 | 3 March 2023 | 13 April 2023 |

(Refer Note 16b to the financial statements)

iv. a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 39 (iv) 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.

b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the Note 39 (v) 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, 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.

c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, 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 (a) and (b) above, contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.

As stated in Note 12 (iv) to the financial statements, the Board of Directors of the company has proposed final dividend for the year which is subject to the approval

- of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Krishna Prakash E

Partner

Membership No.216015
(UDIN:23216015BGXSAR3545)

Coimbatore
9 May 2023

Report on Internal Financial Controls with reference to financial statements

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements 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 financial statements of **Shanthi Gears Limited** ("the Company") as of 31 March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March 2023, based on the criteria for internal financial control with reference to financial statements 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.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Krishna Prakash E
Partner
Membership No.216015
(UDIN: 23216015BGXSAR3545)

Coimbatore
9 May 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- i. a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital work-in-progress and investment properties.
B. The Company has maintained proper records showing full particulars of intangible assets.
- b) Some of the Property, Plant and Equipment and Capital work-in-Progress, were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) Based on our examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds of all the immovable properties, disclosed in the financial statements included in property, plant and equipment and investment property are held in the name of the Company as at the balance sheet date.
- d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. a) The inventories except for goods-in-transit and stocks held with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its

operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been received subsequent to the year-end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.

- b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
- iii. a) The Company has provided loans or advances in the nature of loans during the year and details of which are given below:

| (₹ Crores) | | |
|--|-------|-----------------------------|
| Particulars | Loans | Advances in nature of loans |
| A. Aggregate amount granted/ provided during the year: | | |
| - Others (Loan to Employees) | 0.06 | - |
| B. Balance outstanding as at balance sheet date in respect of above cases: | | |
| - Others (Loan to Employees) | 0.03 | - |

The Company has not provided any guarantee or security to any other entity during the year.

- b) The terms and conditions of the grant of above-mentioned loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- c) In respect of above-mentioned loans provided by the Company, the schedule of repayment has been stipulated and the repayments are regular as per stipulation.
- d) According to information and explanations given to us and based on the audit procedures performed, in respect of above-mentioned loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

- f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii) (f) is not applicable.
- iv. According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- v. According to the information and explanations given to us, The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Gears and Accessories. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules,

2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. In respect of statutory dues:
 - a) Undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, Cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.
There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, Cess and other material statutory dues in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
 - b) Details of dues of Excise Duty and Income-tax which have not been deposited as on 31 March 2023 on account of disputes are given below:

| Name of Statute | Nature of Dues | Amount unpaid (₹ 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 | Financial year 2005-06 | Jurisdictional Officer |
| Income Tax Act, 1961 | Demand on Dividend distribution tax | 0.03 | Assessment year 2011-12 | Joint Commissioner of Income tax |

- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year
- ix. a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.
b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
d) On an overall examination of the financial statements of the Company, funds raised on

short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

- e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

- partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi. a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto from 1 April 2022 to 31 December 2022 and the final internal audit report issued after the balance sheet date covering the period from 1 January 2023 to 31 March 2023 for the period under audit.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company, or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are 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. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
b) The Group has more than one CIC as part of the group. There are two CIC forming part of the group.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and 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 indicating 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. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Krishna Prakash E
Partner

Membership No.216015
(UDIN:23216015BGXSAR3545)

Coimbatore
9 May 2023

BALANCE SHEET AS AT 31 MARCH 2023

(₹ Crores)

| Particulars | Note No. | As at 31 March 2023 | As at 31 March 2022 |
|--|----------|---------------------|---------------------|
| I. ASSETS | | | |
| 1 Non-Current Assets | | | |
| (a) Property, plant and equipment | 4a | 62.96 | 58.49 |
| (b) Capital work-in-progress | 4c | 2.03 | 3.19 |
| (c) Investment property | 5 | 7.13 | 7.25 |
| (d) Intangible assets | 4b | 0.15 | 0.22 |
| (e) Financial assets | | | |
| (i) Investments | 6a | 20.21 | 22.21 |
| (ii) Other financial assets | 6b | 3.78 | 3.97 |
| (f) Deferred tax assets (net) | 7a | 4.43 | 1.61 |
| (g) Other non-current assets | 8 | 6.75 | 4.95 |
| Total non-current assets | | 107.44 | 101.89 |
| 2 Current Assets | | | |
| (a) Inventories | 9 | 66.60 | 64.13 |
| (b) Financial assets | | | |
| (i) Investments | 10a | 37.10 | 27.92 |
| (ii) Trade receivables | 10b | 68.12 | 72.27 |
| (iii) Cash and cash equivalents | 10c | 15.09 | 1.32 |
| (iv) Bank balances other than (iii) above | 10d | 74.99 | 66.04 |
| (v) Other financial assets | 10e | 3.41 | 2.51 |
| (c) Current Tax Assets (Net) | 7b | - | 0.26 |
| (d) Other current assets | 11 | 5.15 | 4.42 |
| Total current assets | | 270.46 | 238.87 |
| Total Assets | | 377.90 | 340.76 |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 12 | 7.67 | 7.67 |
| (b) Other Equity | 13 | 294.68 | 252.29 |
| Total Equity | | 302.35 | 259.96 |
| 1 Non-current liabilities | | | |
| (a) Provisions | 14 | - | 0.16 |
| (b) Other non current liabilities | 15 | 0.48 | 0.69 |
| Total Non-current liabilities | | 0.48 | 0.85 |
| 2 Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Trade payables | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | 16a | 3.01 | 0.43 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 40.66 | 43.64 |
| (ii) Other financial liabilities | 16b | 0.95 | 0.88 |
| (b) Other current liabilities | 17 | 26.04 | 33.97 |
| (c) Provisions | 18 | 1.77 | 1.03 |
| (d) Current Tax Liabilities (Net) | 16c | 2.64 | - |
| Total Current liabilities | | 75.07 | 79.95 |
| Total Liabilities | | 75.55 | 80.80 |
| Total Equity and Liabilities | | 377.90 | 340.76 |

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants**Krishna Prakash E**
PartnerPlace: Coimbatore
Date: 9 May 2023

For and on behalf of the Board of Directors

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**STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED 31 MARCH 2023

(₹ Crores)

| Particulars | Note No. | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|----------|--------------------------|--------------------------|
| Revenue from Contracts with Customers | | | |
| I. Revenue from Operations | 19 | 445.65 | 337.07 |
| II. Other Income | 20 | 11.24 | 9.05 |
| Total Income | | 456.89 | 346.12 |
| III. Expenses | | | |
| (a) Cost of Materials Consumed | 21 | 214.18 | 162.17 |
| (b) Changes in inventories of finished goods and work-in-progress | 22 | 0.12 | 4.42 |
| (c) Employee benefits expense | 23 | 71.15 | 56.91 |
| (d) Depreciation and amortisation expenses | 24 | 10.88 | 10.37 |
| (e) Other expenses | 25 | 70.37 | 53.52 |
| Total Expenses | | 366.70 | 287.39 |
| IV. Profit Before Tax (I+II-III) | | 90.19 | 58.73 |
| V. Tax expense: | | | |
| (1) Current Tax | 26 | 25.40 | 15.27 |
| (2) Deferred Tax | 7a | (2.26) | 0.99 |
| | | 23.14 | 16.26 |
| VI. Profit for the year (IV-V) | | 67.05 | 42.47 |
| VII. Other Comprehensive Income | | | |
| Items that will not be reclassified to Statement of Profit and Loss in subsequent periods: | | | |
| (i) Re-measurement Gain/(Loss) on Defined Benefit/Obligations (Net) | 27 | (2.21) | (0.59) |
| (ii) Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods | 27 | 0.56 | 0.13 |
| Comprehensive Income/(Loss) for the Year, Net of Tax (i + ii) | | (1.65) | (0.46) |
| VIII. Total Comprehensive Income for the Year (VI + VII) | | 65.40 | 42.01 |
| Earnings Per Equity Share of ₹ 1/- each | 28 | | |
| Basic (in ₹) | | 8.74 | 5.54 |
| Diluted (in ₹) | | 8.74 | 5.54 |

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants**Krishna Prakash E**
PartnerPlace: Coimbatore
Date: 9 May 2023

For and on behalf of the Board of Directors

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| A. Cash Flow from Operating Activities: | | |
| Profit after tax | 67.05 | 42.47 |
| Adjustments for: | | |
| Depreciation on Property, Plant and Equipment | 10.76 | 10.26 |
| Depreciation on Investment Property | 0.12 | 0.12 |
| Income Tax Expense | 23.14 | 16.26 |
| Gain on disposal of Property Plant and Equipment | (0.21) | (0.13) |
| Net gain arising of financial assets measured at fair value through profit or loss | (1.79) | (0.49) |
| Net Foreign Exchange differences | (0.31) | (0.05) |
| Interest income | (4.52) | (3.02) |
| Dividend Income from Tax Free Bonds | (1.60) | (1.76) |
| Government Grant | (0.61) | (1.63) |
| Provision for Credit impaired Trade Receivable | 0.92 | 0.09 |
| Provision for Inventory | 3.20 | 1.16 |
| Operating Profit before Working Capital/Other Changes | 96.15 | 63.28 |
| Changes in working capital: | | |
| Adjustments for (increase)/decrease in operating assets: | | |
| Inventories | (5.67) | 14.01 |
| Trade receivables | 3.23 | (24.97) |
| Other financial assets | 0.43 | 1.27 |
| Other current assets | (0.47) | 4.09 |
| Other non-current assets | (0.60) | (0.23) |
| Adjustments for increase/(decrease) in operating liabilities: | | |
| Trade payables | (0.39) | (10.66) |
| Other financial liabilities | 0.07 | 0.10 |
| Other current liabilities | (7.93) | 4.03 |
| Other long-term liabilities | (0.22) | (1.63) |
| Provisions | 0.59 | 0.65 |
| Cash Generated From Operations | 85.19 | 49.93 |
| Income Tax paid (net of refunds) | (22.24) | (14.92) |
| Net cash generated by operating activities (A) | 62.95 | 35.01 |
| B. Cash Flow from Investing Activities: | | |
| Capital expenditure (including capital work In progress and capital advances) | (15.27) | (5.66) |
| Proceeds from sale of property, plant and equipment | 0.21 | 0.18 |
| Proceeds from non current investments | - | 5.46 |
| (Purchase)/Sale of current Investments, Net | (7.19) | (8.74) |
| (Proceeds)/Investments in deposits, Net | (8.98) | (11.64) |
| Interest income received | 3.46 | 2.16 |
| Dividend received | 1.60 | 1.76 |
| Net Cash Used in Investing Activities | (26.17) | (16.48) |
| C. Cash Flow from Financing Activities: | | |
| Dividends paid on equity shares | (23.01) | (19.18) |
| Net Cash Used in Financing Activities | (23.01) | (19.18) |
| Net Increase in Cash and Cash Equivalents [A+B+C] | 13.76 | (0.65) |
| Cash and Cash Equivalents at the beginning of the Year | 1.32 | 1.97 |
| Cash and Cash Equivalents as at End of the Year | 15.09 | 1.32 |

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants**Krishna Prakash E**
PartnerPlace: Coimbatore
Date: 9 May 2023

For and on behalf of the Board of Directors

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**STATEMENT OF CHANGES IN EQUITY** FOR THE YEAR ENDED 31 MARCH 2023

(₹ Crores)

| Particulars | No. of shares | Amount |
|---|--------------------|-------------|
| As at 31 March 2021 | | |
| 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 2022 | 7,67,15,853 | 7.67 |
| 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 | 7.67 |

b. Other Equity

For the year ended 31 March 2023

(₹ Crores)

| Particulars | Reserves & Surplus | | | Items of OCI | Total 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 for the Year (Note 27) | - | - | - | (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 |

For the year ended 31 March 2022

(₹ Crores)

| Particulars | Reserves & Surplus | | | Items of OCI | Total 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 2021 | 24.89 | 0.52 | 204.29 | (0.24) | 229.46 |
| Profit for the Year | 42.47 | - | - | - | 42.47 |
| Other comprehensive income for the Year (Note 27) | - | - | - | (0.46) | (0.46) |
| Total Comprehensive Income | 42.47 | - | - | (0.46) | 42.01 |
| Dividends | (19.18) | - | - | - | (19.18) |
| As at 31 March 2022 | 48.18 | 0.52 | 204.29 | (0.70) | 252.29 |

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants**Krishna Prakash E**
PartnerPlace: Coimbatore
Date: 9 May 2023

For and on behalf of the Board of Directors

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 2023.

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 (refer note 3.2: accounting policy regarding fair value measurement).

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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to

influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

3. Significant 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

NOTES TO FINANCIAL STATEMENTS

d) 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 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.

NOTES TO FINANCIAL STATEMENTS

3.3. 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/advances/contingencies, 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.

3.4. 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.

3.5. Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit/(Loss) 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.

3.6. 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.

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.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

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.

NOTES TO FINANCIAL STATEMENTS

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 caption and are subjected to depreciation.

3.7. 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.

3.8. 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.

3.9. Impairment of Assets

The carrying values of assets/cash generating units are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

3.10. 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.

Cost of Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted

NOTES TO FINANCIAL STATEMENTS

average basis.

3.11. 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.

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 revenue in the statement of profit or loss due to its operating nature.

3.12. Government Grants and Export benefits

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. When the grant from the Government relates to an expense item, it is recognised as income on a systematic basis in the statement of profit and loss over the period necessary to match them with the related costs, which they are intended to compensate. When the grant relates to an asset, it is recognised as income based on the fulfilment of export obligation.

Export benefits are accounted for in the year of exports based on eligibility and when there is reasonable certainty in receiving the same. In the case of Export promotion capital goods (EPCG) grant, the company recognise the grant in the statement of Profit & Loss based on the condition of fulfilment of export obligation.

3.13. 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.

NOTES TO FINANCIAL STATEMENTS

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.

3.14. Operating Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee–Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of Buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Company as Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO FINANCIAL STATEMENTS

3.15. 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.

3.16. 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 |
|---|--|
| Furniture and fixtures | 5 Years |
| Motor Cars | 4 Years |
| Office Equipments (including Data Processing Equipment) | 3 Years |
| Plant & Machinery | 15 Years |
| Computer Software | 3 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.

3.17. Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under Property, Plant and Equipment and depreciated in accordance with Note 3.16 above.

3.18. 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

NOTES TO FINANCIAL STATEMENTS

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.

3.19. 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

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.

3.20. GST input credit

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

3.21. 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.

NOTES TO FINANCIAL STATEMENTS

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 balance

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 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.

NOTES TO FINANCIAL STATEMENTS

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.

B. Financial liabilities

i. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Company's financial liabilities include trade and other payables.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

3.22. 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:

Operating lease commitments – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the

NOTES TO FINANCIAL STATEMENTS

significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases

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.

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. 3.16.

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 29.

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.

NOTES TO FINANCIAL STATEMENTS

4a - Property, Plant and Equipment

| Particulars | Gross Block at Cost | | | | | | Accumulation Depreciation | | | | Net Block | |
|----------------------|---------------------|---------------|--------------|-------------|---------------------|---------------------|---------------------------|--------------|-------------|---------------------|---------------------|---------------------|
| | As at 01 April 2022 | Adjustment | Additions | Deletions | As at 31 March 2023 | As at 01 April 2022 | Adjustment | For the Year | Deletions | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Land (Freehold) | 2.86 | - | - | - | 2.86 | - | - | - | - | - | 2.86 | 2.86 |
| | (2.86) | - | - | - | (2.86) | - | - | - | - | - | (2.86) | (2.86) |
| Buildings | 23.41 | - | 0.69 | - | 24.10 | 6.38 | - | 1.00 | - | 7.38 | 16.72 | 17.03 |
| | (23.41) | - | - | - | (23.41) | (5.49) | (0.14) | (1.03) | - | (6.38) | (17.03) | (17.92) |
| Plant & Machinery | 97.74 | (0.10) | 13.69 | 0.39 | 110.94 | 60.88 | (0.02) | 8.55 | 0.39 | 69.02 | 41.92 | 36.86 |
| | (98.38) | - | (0.98) | (1.62) | (97.74) | (54.61) | - | (7.88) | (1.61) | (60.88) | (36.86) | (43.77) |
| Office Equipment | 5.88 | - | 0.47 | 1.01 | 5.34 | 4.48 | - | 0.89 | 1.01 | 4.36 | 0.98 | 1.40 |
| | (4.93) | - | (0.95) | - | (5.88) | (3.48) | - | (1.00) | - | (4.48) | (1.40) | (1.45) |
| Furniture & Fixtures | 1.80 | - | 0.05 | - | 1.85 | 1.71 | - | 0.06 | - | 1.77 | 0.08 | 0.09 |
| | (1.77) | - | (0.03) | - | (1.80) | (1.64) | - | (0.07) | - | (1.71) | (0.09) | (0.13) |
| Vehicles | 0.83 | - | 0.33 | - | 1.16 | 0.58 | - | 0.18 | - | 0.76 | 0.40 | 0.25 |
| | (0.82) | - | (0.19) | (0.18) | (0.83) | (0.55) | - | (0.17) | (0.14) | (0.58) | (0.25) | (0.27) |
| TOTAL | 132.52 | (0.10) | 15.23 | 1.40 | 146.25 | 74.03 | (0.02) | 10.68 | 1.40 | 83.29 | 62.96 | 58.49 |
| Previous Year | (132.17) | - | (2.15) | (1.80) | (132.52) | (65.77) | (0.14) | (10.15) | (1.75) | (74.03) | (58.49) | (66.40) |

Previous year figures are given in brackets.

4b - Intangible Assets

| Particulars | Gross Block at Cost | | | | Depreciation | | | Net Block | | | |
|-------------------|---------------------|------------|-----------|-----------|---------------------|---------------------|--------------|--------------|---------------------|---------------------|-------------|
| | As at 01 April 2022 | Adjustment | Additions | Deletions | As at 31 March 2023 | As at 01 April 2022 | For the Year | On Deletions | As at 31 March 2023 | As at 31 March 2022 | |
| Computer Software | 2.00 | - | - | - | 2.00 | 1.78 | 0.08 | - | 1.86 | 0.15 | 0.22 |
| | (1.79) | - | (0.21) | - | (2.00) | (1.68) | (0.10) | - | (1.78) | (0.22) | (0.11) |
| Total | 2.00 | - | - | - | 2.00 | 1.78 | 0.08 | - | 1.86 | 0.15 | 0.22 |
| Previous Year | (1.79) | - | (0.21) | - | (2.00) | (1.68) | (0.10) | - | (1.78) | (0.22) | (0.11) |

NOTES TO FINANCIAL STATEMENTS

Previous year figures are given in brackets.

4c - Capital Work-in-Progress (CWIP)

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Opening Balance as at the beginning of the year | 3.19 | 0.03 |
| CWIP Addition/(Capitalised) during the year | (1.16) | 3.16 |
| Closing Balance as at the end of the year | 2.03 | 3.19 |

CWIP ageing Schedule

(₹ Crores)

| Particulars | Less than 1 Year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | 31 March 2023 | Less than 1 Year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | 31 March 2022 |
|--------------------------------|------------------|-------------|-------------|-------------------|---------------|------------------|-------------|-------------|-------------------|---------------|
| Projects in progress | 2.01 | 0.02 | - | - | 2.03 | 3.16 | 0.03 | - | - | 3.19 |
| Projects temporarily suspended | - | - | - | - | - | - | - | - | - | - |
| Total | 2.01 | 0.02 | - | - | 2.03 | 3.16 | 0.03 | - | - | 3.19 |

There are no overdue projects as on 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.

5. Investment Property

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Opening Balance as at beginning of the year | 8.84 | 8.84 |
| Additions during the year | - | - |
| Closing Balance as at end of the year | 8.84 | 8.84 |
| Depreciation and Impairment | | |
| Opening Balance as at beginning of the year | 1.59 | 1.33 |
| Reclassification | - | 0.14 |
| Depreciation during the year | 0.12 | 0.12 |
| Closing Balance as at end of the year | 1.71 | 1.59 |
| Net Block as at the end of the year | 7.13 | 7.25 |

NOTES TO FINANCIAL STATEMENTS

Information regarding income and expenditure of Investment property

(₹ Crores)

| Particulars | 31 March 2023 | 31 March 2022 |
|--|---------------|---------------|
| Rental Income derived from Investment Properties | 1.71 | 1.64 |
| Profit arising from Investment Properties before Depreciation and Indirect Expenses | 1.71 | 1.64 |
| Depreciation | (0.12) | (0.12) |
| Profit arising from Investment Properties before Indirect Expenses | 1.59 | 1.52 |

The Company's investment property consists of the property in Coimbatore and Mumbai which have been let out on rent. As on 31 March 2023, the fair value of the property is ₹ 40.00 crores (Previous year ₹ 36.36 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 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Investments at Amortised Cost: | | | | | |
| Investments in Tax Free Bonds - Quoted | | | | | |
| PFC Tax Free | 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 | 1.87 | 1.87 |
| 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 Ltd Tax Free Bonds | 1,000 | 800 | 800 | 0.09 | 0.09 |
| NTPC Tax Free Bonds | 1,000 | - | 17,735 | - | 1.99 |
| Total | | | | 20.21 | 22.21 |
| Aggregate amount of quoted investments | | | | 20.21 | 22.21 |
| Market value of quoted investments | | | | 21.64 | 24.62 |
| Aggregate amount of unquoted investments | | | | - | - |
| Aggregate amount of impairment in value of investments | | | | - | - |

NOTES TO FINANCIAL STATEMENTS

6b. Other Financial Assets - Non-Current

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Security Deposit | 3.68 | 2.94 |
| Receivable from Sale of Surplus Energy | 1.03 | 1.03 |
| Less: Provision for credit impaired other receivables | (1.03) | - |
| Balances in Fixed Deposit Accounts | 0.10 | - |
| Total | 3.78 | 3.97 |

7a. Deferred Tax Assets & Liabilities (Net)

(₹ Crores)

| Nature - (Liability)/Asset | Balance Sheet | | Statement of Profit and Loss | |
|--|---------------|---------------|------------------------------|---------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| Deferred Tax Liabilities | | | | |
| Difference between depreciation as per books of account and the Income Tax Act, 1961 | (1.52) | (1.45) | (0.07) | (1.06) |
| Deferred Tax Liabilities - A | (1.52) | (1.45) | (0.07) | (1.06) |
| Deferred Tax Assets | | | | |
| Provision for Doubtful/Impairment on Receivables and Other Financial Assets | 0.81 | 0.58 | 0.23 | (0.06) |
| Provision for Employee Benefits | 1.59 | 0.76 | 0.83 | (0.02) |
| FVTPL financial Asset | - | - | - | 0.05 |
| Defined Benefit obligation through OCI | 0.80 | 0.24 | 0.56 | 0.13 |
| Provision for Inventories | 2.29 | 1.48 | 0.81 | 0.10 |
| Provision for Liquidated Damages | 0.20 | - | 0.20 | - |
| Provision for Other Financial Assets | 0.26 | - | 0.26 | - |
| Deferred Tax Assets - B | 5.95 | 3.06 | 2.89 | 0.20 |
| Net Deferred Tax Assets (A+B) | 4.43 | 1.61 | 2.82 | (0.86) |

Reconciliation of Deferred Tax Asset (Net)

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Opening balance | 1.61 | 2.47 |
| Tax Expense during the year recognised in Statement of Profit and Loss | 2.26 | (0.99) |
| Tax (income)/Expense during the year recognised in OCI | 0.56 | 0.13 |
| Closing Balance | 4.43 | 1.61 |

NOTES TO FINANCIAL STATEMENTS

7b. Current Tax Assets (Net)

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Advance Income Tax (Including TDS)-(A) | - | 15.53 |
| Provision for Income tax-(B) | - | 15.27 |
| Net Current Tax Assets (A-B) | - | 0.26 |

8. Other non-current assets

(Considered Good, Unsecured unless stated otherwise)

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Capital Advances | | |
| - Unsecured | | |
| Considered Good | 1.82 | 0.63 |
| Considered Doubtful | 0.18 | 0.18 |
| | 2.00 | 0.81 |
| Less: Provision for credit impaired advances | (0.18) | (0.18) |
| | 1.82 | 0.63 |
| Rental Advance | 0.28 | 0.31 |
| Advance income tax (Net of provisions) | 4.65 | 4.01 |
| Total | 6.75 | 4.95 |

9. Inventories

Lower of Cost (Net of Allowances) and Estimated Net Realisable Value

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|------------------------|------------------------|------------------------|
| Raw Materials# | 27.57 | 24.72 |
| Work-in-Progress | 30.93 | 36.40 |
| Finished Goods | 7.49 | 2.13 |
| Stores and Spare Parts | 0.61 | 0.88 |
| Total | 66.60 | 64.13 |

The cost of inventories recognised as an expense during the year was ₹ 214.18 Crores (Previous year: ₹ 162.17 Crores)

#Include goods in transit:- ₹ 2.07 Crores (Previous year: ₹ 1.91 Crores)

NOTES TO FINANCIAL STATEMENTS

10a. Investments

(₹ Crores)

| Particulars | Nominal Value per unit | As at 31 March 2023 | | As at 31 March 2022 | |
|---|------------------------|---------------------|--------------|---------------------|--------------|
| | | No. of units | Value | No. of units | Value |
| Investments at Amortised Cost: | | | | | |
| Investments in Tax Free Bonds - Quoted | | | | | |
| NTPC Tax Free Bonds | 1,000 | 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 | | | | - | - |
| Investments at Fair Value Through Profit and Loss (FVTPL): | | | | | |
| Investments in Mutual Funds | | | | | |
| UTI Liquid Cash Plan-Direct Growth | | 27,608 | 10.19 | - | - |
| SBI - Liquid Fund-Direct Growth | | 33,329 | 11.74 | - | - |
| HDFC - Liquid Fund-Direct Plan Growth Option | | 18,328 | 8.11 | - | - |
| Aditya Birla Sun life Liquid Fund-Growth-Direct Plan | | 55,440 | 2.02 | - | - |
| DSP - Liquidity Fund-Direct Growth | | 9,494 | 3.05 | - | - |
| UTI Overnight Fund-Direct Plan Growth | | - | - | 33,098 | 9.63 |
| SBI - Overnight Fund-Direct Growth | | - | - | 24,983 | 8.65 |
| HDFC - Overnight Fund-Direct Plan Growth Option | | - | - | 30,522 | 9.64 |
| Total | | | 35.11 | | 27.92 |
| Aggregate amount of Quoted Investments | | | 35.11 | | 27.92 |
| Aggregate amount of Unquoted Investments | | | - | | - |
| Aggregate amount of impairment in value of Investments | | | - | | - |
| Total investments | | | 37.10 | | 27.92 |

NOTES TO FINANCIAL STATEMENTS

10b. Trade Receivables

(Unsecured)

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---------------------|---------------------|
| Considered Good | 69.96 | 73.00 |
| Provision for credit impaired Trade receivables | (1.84) | (0.88) |
| | 68.12 | 72.12 |
| Trade Receivables which have significant increase in credit Risk* | 0.00 | 0.16 |
| Provision for credit impaired Trade receivables* | 0.00 | (0.01) |
| | 0.00 | 0.15 |
| Trade Receivables - credit impaired | 0.70 | 0.73 |
| Provision for credit impaired Trade receivables | (0.70) | (0.73) |
| | - | - |
| Total | 68.12 | 72.27 |

Breakup of Trade Receivable

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|------------------------|---------------------|---------------------|
| - From Related Parties | 1.01 | 1.44 |
| - From Others | 67.11 | 70.83 |

Reconciliation of Provision / Impairment for Receivables

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|---------------------|---------------------|
| Opening Balance as at beginning of the year | 1.62 | 1.53 |
| Created during the year | 0.92 | 0.09 |
| Reversed during the year | - | - |
| Closing Balance as at end of the year | 2.54 | 1.62 |

NOTES TO FINANCIAL STATEMENTS

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 |
| Total | 48.03 | 19.60 | 1.43 | 0.73 | 0.13 | 0.74 | 70.66 |

Break-up of Trade Receivables as at 31 March 2022

(₹ 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 | 50.20 | 21.12 | 0.97 | 0.18 | 0.10 | 0.01 | 72.58 |
| Undisputed trade Receivables – which have significant increase in credit risk* | - | - | - | - | 0.00 | 0.14 | 0.14 |
| Undisputed trade Receivables – credit impaired | - | - | - | - | - | - | - |
| Disputed trade Receivables – considered good | - | 0.01 | 0.23 | 0.09 | - | 0.09 | 0.42 |
| Disputed trade Receivables – which have significant increase in credit risk | - | - | 0.01 | - | - | 0.01 | 0.02 |
| Disputed trade Receivables – credit impaired | - | - | - | 0.04 | 0.06 | 0.63 | 0.73 |
| Total | 50.20 | 21.13 | 1.21 | 0.31 | 0.16 | 0.88 | 73.89 |

Trade receivables are non-interest bearing and are 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.

*Amount is below the rounding off norms adopted by the Company

NOTES TO FINANCIAL STATEMENTS

10c. Cash and Cash Equivalents

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|---------------------|---------------------|
| Balances with Banks in Current Account | 15.09 | 1.32 |
| Total Cash and Cash Equivalents as per Statement of Cash Flow | 15.09 | 1.32 |

10d. Bank Balance Other than Cash and Cash Equivalents

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|---------------------|---------------------|
| Unpaid Dividend accounts | 0.95 | 0.88 |
| Balance in Fixed Deposit Accounts (Refer note below) | 74.04 | 65.16 |
| Total | 74.99 | 66.04 |

Note: Includes ₹ 27.82 Crores (Previous year ₹ 4.95 Crores) held as security against Bank Guarantees

10e. Other Financial assets

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------------|---------------------|---------------------|
| a. Accruals | | |
| Interest Accrued on Bank Deposits | 3.16 | 2.10 |
| b. Other Loans And Advances | | |
| Annual leave Fund with LIC (Net) | 0.24 | 0.37 |
| c. Others | 0.01 | 0.04 |
| Total | 3.41 | 2.51 |

11. Other Current Assets

(Considered Good, Unsecured unless stated otherwise)

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|---------------------|---------------------|
| a. Prepaid Expenses | 1.26 | 1.36 |
| b. Balances with statutory authorities | 2.22 | 2.30 |
| c. Advance to suppliers | 1.62 | 0.72 |
| d. Loans and Advances to employees | 0.05 | 0.04 |
| Total | 5.15 | 4.42 |

NOTES TO FINANCIAL STATEMENTS

12. Equity Share Capital

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|---------------------|---------------------|
| 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:

(₹ Crores)

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|-------------------------------|---------------------|-------------|---------------------|-------------|
| | 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 2023 | As At 31 March 2022 |
| 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 2023 | | As at 31 March 2022 | |
|--|---------------------|----------------------------------|---------------------|----------------------------------|
| | 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 25 January 2023, the company declared and paid an interim dividend of ₹ 23.01 Crores (Previous Year ₹ 19.18 Crores) during the year ended 31 March 2023. The Board of Director has proposed a final dividend of ₹ 2/- per Equity Shares (As at March 31, 2022-Nil) for the year ended March 31, 2023, 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 March 31, 2022-Nil) is not recognised as a liability as on March 31, 2023.

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 2023 | As at 31 March 2022 |
| 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 | - |

13. Other equity

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|----------------------------|---------------------|---------------------|
| General Reserve | 204.29 | 204.29 |
| Retained Earnings | 92.23 | 48.18 |
| Capital Redemption Reserve | 0.52 | 0.52 |
| Other Comprehensive Income | (2.35) | (0.70) |
| Total | 294.68 | 252.29 |

General Reserve

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------------------|---------------------|---------------------|
| 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 (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year | 48.18 | 24.89 |
| Profit for the Year | 67.05 | 42.47 |
| Dividend paid | (23.01) | (19.18) |
| Balance at the end of the year | 92.23 | 48.18 |

Capital Redemption Reserve (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------------------|------------------------|------------------------|
| 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 (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Re-measurement Gain/(Loss) on Defined Benefit/Obligations (Net) | | |
| Balance at the beginning of the year | (0.70) | (0.24) |
| Additions during the year | (1.65) | (0.46) |
| Balance at the end of the year | (2.35) | (0.70) |

14. Provisions (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Provision for warranty (Refer note below) | - | 0.16 |
| Total | - | 0.16 |

i. Provision for warranty is provided by the company based on past experience of claims received during the warranty period and accordingly treated as current for the year ended 31 Mar 2023.

NOTES TO FINANCIAL STATEMENTS

ii. Movement of Provision for Warranty (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| At the Beginning of the year | 0.16 | 0.16 |
| Less: Transferred to Current Provision (Refer Note 18) | (0.16) | - |
| Add: Provision created during the year | - | 0.10 |
| | - | 0.26 |
| Less: Utilised during the year | - | (0.10) |
| At the end of the year | - | 0.16 |

15. Other Non Current Liabilities (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|------------------|------------------------|------------------------|
| Government Grant | 0.48 | 0.69 |
| Total | 0.48 | 0.69 |

Government Grant (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Opening balance at the beginning of the year | 0.69 | 2.32 |
| Received during the year | 0.48 | - |
| Released to the Statement of Profit and Loss | (0.69) | (1.63) |
| Closing balance at the end of the year | 0.48 | 0.69 |

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.

16a. Trade Payables (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Trade Payables | | |
| Total Outstanding dues to micro enterprises and small enterprises (Refer Note (i) below) | 3.01 | 0.43 |
| Total Outstanding dues to creditors other than micro enterprises and small enterprises (Refer Note (ii) below) | 40.66 | 43.64 |
| Total | 43.67 | 44.07 |

NOTES TO FINANCIAL STATEMENTS

Note:

(i) Details relating to Micro, Small and Medium Enterprises (MSME)

| Particulars | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Total Outstanding dues to micro enterprises and small enterprises and remaining unpaid at the end of the year to suppliers under MSME Act, 2006 | 3.01 | 0.43 |
| 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 | - | - |

*Represents ₹ Nil (Previous Year: ₹ 12,629) being amount is below the rounding off norms adopted by the company. Trade payables are non-interest bearing and are normally settled within a period of 90 days

(ii) Amount payable to related parties

| Particulars | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Tube Investment India of India Limited | - | 0.63 |
| CG Power and Industrial Solutions Limited | 0.08 | 0.27 |
| Total | 0.08 | 0.90 |

Trade Payables Ageing Schedule as on 31 March 2023

| 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 | 31.50 | 9.16 | - | - | - | 40.66 |
| (iii) Disputed Dues - dues to micro enterprises and small enterprises | - | - | - | - | - | - |
| (iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| Total | 34.50 | 9.17 | - | - | - | 43.67 |

NOTES TO FINANCIAL STATEMENTS

Trade Payables Ageing Schedule as on 31 March 2022

(₹ 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 | 7.62 | 0.43 | - | - | - | 8.05 |
| ii. Total Outstanding dues to creditors other than micro enterprises and small enterprises | 28.90 | 6.89 | 0.23 | - | - | 36.02 |
| iii. Disputed Dues - dues to micro enterprises and small enterprises | - | - | - | - | - | - |
| iv. Disputed Dues - dues to creditors other than micro enterprises and small enterprises | - | - | - | - | - | - |
| Total | 36.52 | 7.32 | 0.23 | - | - | 44.07 |

16b. Other Financial Liabilities

(₹ Crores)

| Particulars | (₹ Crores) | |
|--------------------|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Unpaid Dividends * | 0.95 | 0.88 |
| Total | 0.95 | 0.88 |

*Amounts due to be credited to Investor Education and Protection Fund towards Unpaid Dividends ₹ 0.05 crores has been subsequently paid on April 13, 2023 (Previous year: ₹ 0.04 crores)

16c. Current Tax Liabilities (Net)

(₹ Crores)

| Particulars | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Provision for Income Tax-(A) | 25.40 | - |
| Advance Income Tax (Including TDS)-(B) | 22.76 | - |
| Net Current Tax Liabilities (A-B) | 2.64 | - |

17. Other current liabilities

(₹ Crores)

| Particulars | (₹ Crores) | |
|-------------------------------------|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 |
| Statutory Liabilities | 4.22 | 4.19 |
| Advances from Customers | 18.89 | 27.32 |
| Others (Security deposits received) | 2.93 | 2.46 |
| Total | 26.04 | 33.97 |

NOTES TO FINANCIAL STATEMENTS

18. Provisions (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---------------------|---------------------|
| Provision for Compensated Absences | 0.05 | 0.04 |
| Provision for Gratuity | 0.69 | 0.99 |
| Provision for Liquidated Damages | 0.77 | - |
| Provision for Warranty (Refer Note below) | 0.26 | - |
| Total | 1.77 | 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 2023 | As at 31 March 2022 |
|--|---------------------|---------------------|
| At the Beginning of the year | - | - |
| Add: Transfer from Non Current Provision (Refer Note 14) | 0.16 | - |
| Add: Provision created during the year | 0.48 | - |
| | 0.64 | - |
| Less: Utilised during the year | (0.38) | - |
| At the end of the year | 0.26 | - |

19. Revenue from Operations (₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|--------------------------|--------------------------|
| Revenue from Contract with Customers | | |
| Sale of Products | 429.56 | 324.52 |
| Sale of Services | 6.38 | 5.37 |
| Revenue from Contract with Customers (A) | 435.94 | 329.89 |
| Other Operating Revenue | | |
| Scrap Sales | 9.04 | 6.65 |
| Export Benefits (Duty Drawback and Export Incentive) | 0.67 | 0.53 |
| Other Operating Revenue (B) | 9.71 | 7.18 |
| Total (A+B) | 445.65 | 337.07 |

The company derives its revenue from contracts with customers for sales of goods and services at a point in time.

There are no sales to external customers more than 10% of Total Revenue for the year ended 31 March 2023 and 31 March 2022.

NOTES TO FINANCIAL STATEMENTS

The Company disaggregates revenue geography as below

| Geography | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--------------|--------------------------|--------------------------|
| India | 416.54 | 313.46 |
| America | 17.09 | 9.74 |
| Europe | 4.03 | 4.66 |
| Others | 7.99 | 9.21 |
| Total | 445.65 | 337.07 |

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed remaining performance obligation related disclosure for contracts that have original expected duration of one year or less.

20. Other Income (₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|--------------------------|--------------------------|
| a. Interest Income from Tax Free Bonds | 1.60 | 1.76 |
| b. Net gain arising on financial assets designated as at FVTPL | 1.79 | 0.49 |
| c. Interest Income on | | |
| Fixed Deposits with Banks | 4.45 | 2.94 |
| Others | 0.08 | 0.08 |
| d. Government Grants | 0.61 | 1.63 |
| e. Other Non-Operating Income | | |
| Rental Income | 1.71 | 1.64 |
| Gain on disposal of property, plant and equipment | 0.21 | 0.13 |
| Net gain on foreign currency transactions and translations | 0.31 | 0.14 |
| Miscellaneous Income | 0.48 | 0.24 |
| Total | 11.24 | 9.05 |

21. Cost of material consumed (₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---------------|--------------------------|--------------------------|
| Opening Stock | 24.72 | 34.62 |
| Purchases | 217.03 | 152.27 |
| Closing Stock | (27.57) | (24.72) |
| Total | 214.18 | 162.17 |

NOTES TO FINANCIAL STATEMENTS

22. Changes in inventories of Finished goods and work in progress

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Inventories at end of the year | | |
| Work-in-Progress | 30.93 | 36.40 |
| Finished Goods | 7.49 | 2.13 |
| | 38.42 | 38.53 |
| Inventories at beginning of the year | | |
| Work-in-Progress | 36.40 | 37.41 |
| Finished Goods | 2.13 | 5.54 |
| | 38.53 | 42.95 |
| Net Decrease/(Increase) | | |
| Work-in-Progress | 5.48 | 1.01 |
| Finished Goods | (5.36) | 3.41 |
| Total | 0.12 | 4.42 |

23. Employee Benefit Expense

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Salaries, Wages and Bonus | 62.73 | 50.11 |
| Contribution to Provident and Other Funds | 2.54 | 2.19 |
| Gratuity | 0.47 | 0.41 |
| Staff Welfare Expenses | 5.41 | 4.20 |
| Total | 71.15 | 56.91 |

24. Depreciation and amortization expense

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Depreciation of Property, Plant and Equipment (Refer Note 4a) | 10.68 | 10.15 |
| Depreciation of Investment properties (Refer Note 5) | 0.12 | 0.12 |
| Amortisation of Intangible Assets (Refer Note 4b) | 0.08 | 0.10 |
| Total | 10.88 | 10.37 |

NOTES TO FINANCIAL STATEMENTS

25. Other Expense

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Consumption of Stores and Spares | 5.15 | 3.98 |
| Subcontracting Charges | 15.51 | 13.56 |
| Power and Fuel | 10.32 | 8.65 |
| Rent | 0.58 | 0.33 |
| Repairs and Maintenance - Building | 2.22 | 1.33 |
| Repairs and Maintenance - Machinery | 13.26 | 7.14 |
| Repairs and Maintenance - Others | 1.28 | 1.08 |
| Other maintenance expenses | 1.57 | 1.82 |
| Insurance | 0.51 | 0.62 |
| Rates and Taxes | 0.55 | 0.51 |
| Software Expenses | 1.51 | 1.54 |
| Communication | 0.30 | 0.25 |
| Travelling and Conveyance | 2.08 | 0.98 |
| Printing, Stationery and Communication | 0.44 | 0.33 |
| Freight, Delivery and Shipping Charges | 4.53 | 3.04 |
| Commission | 1.33 | 0.49 |
| Advertisement and Publicity | 1.27 | 0.27 |
| Donations and contributions* | - | - |
| Payments to auditors (Refer Note (i) below) | 0.17 | 0.16 |
| Expenditure on Corporate Social Responsibility (Refer Note (ii) below) | 0.79 | 0.68 |
| Professional & Consultancy charges | 1.33 | 3.38 |
| Service Fees | 2.25 | 2.25 |
| Provision for credit impaired trade receivables | 0.92 | 0.09 |
| Provision for credit impaired other receivables | 1.03 | - |
| Commission to Non Executive Directors | 0.25 | 0.32 |
| Directors' sitting fees | 0.15 | 0.12 |
| Bank Charges | 0.37 | 0.24 |
| Other Expenses | 0.70 | 0.36 |
| Total | 70.37 | 53.52 |

* Amount is below the rounding off norms adopted by the company

NOTES TO FINANCIAL STATEMENTS

25. (i) Auditor's Remuneration

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Payment to Auditors comprise (Net of levies) | | |
| For Statutory Audit | 0.14 | 0.14 |
| For Tax Audit | 0.02 | 0.02 |
| Out of Pocket expenses | 0.01 | - |
| Total | 0.17 | 0.16 |

25. (ii) Corporate Social Responsibility

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|--|
| a. Gross amount required to be spent by the Company during the year | 0.78 | 0.67 |
| b. Amount spent during the year | | |
| i. Education | 0.35 | 0.15 |
| ii. Others | 0.44 | 0.53 |
| Total | 0.79 | 0.68 |
| 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. Healthcare, 3. Environmental sustainability | 1. Education, 2. Healthcare, 3. COVID-19 relief measures" |
| g. Details of related party transactions | Nil | Nil |
| h. Provision | Nil | Nil |

26. Income Tax Expense

The major components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are:

(₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Current Tax: | | |
| Current Income Tax charge | 25.40 | 15.27 |
| Deferred Tax: | | |
| Relating to the origination and reversal of Temporary Differences | (2.26) | 0.99 |
| Income Tax Expense reported in the Statement of Profit and Loss | 23.14 | 16.26 |

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 2023 | Year Ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Re-measurement (Loss) on Defined Benefit Obligations | 0.56 | 0.13 |
| Income Tax charged to OCI | 0.56 | 0.13 |

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2023 and 31 March 2022:

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 2023 | Year Ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Accounting Profit Before Tax | 90.19 | 58.73 |
| Profit before income tax multiplied by standard rate of corporate tax in India of 25.168% (Previous year: 25.168%) | 22.70 | 14.78 |
| Effects of: | | |
| Income - Exempt from tax | - | (0.44) |
| Change in Income Tax Rate | - | 0.22 |
| Other disallowances | 0.44 | 1.70 |
| Income Tax expense reported in the Statement of Profit and Loss net of Deferred Tax | 23.14 | 16.26 |
| Net effective Income Tax | 23.14 | 16.26 |

27. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

(₹ Crores)

| Particulars | Retained Earnings | |
|--|-----------------------------|-----------------------------|
| | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
| Re-measurement Gain/(Loss) on Defined Benefit/Obligations (Net) | (2.21) | (0.59) |
| Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent year | 0.56 | 0.13 |
| Other Comprehensive Income for the year | (1.65) | (0.46) |

NOTES TO FINANCIAL STATEMENTS

28. 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.

The following details reflects the income and share data used in the basic and diluted EPS computations:

| Particulars | (₹ Crores) | |
|--|-----------------------------|-----------------------------|
| | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
| Profit After Tax | 67.05 | 42.47 |
| 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 ₹) | 8.74 | 5.54 |
| - Diluted (in ₹) | 8.74 | 5.54 |

29. 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 ₹ 2.42 crores (Previous year ₹ 2.09 crores) for Provident Fund contribution, ₹ 0.12 crores (Previous year ₹ 0.09 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.

| Particulars | (₹ Crores) | |
|--|---------------|---------------|
| | 31 March 2023 | 31 March 2022 |
| A. Change in defined benefit obligation | | |
| 1. Defined benefit obligation at beginning of year | 6.68 | 6.03 |
| 2. Service cost | - | - |
| a. Current service cost | 0.51 | 0.39 |
| 3. Interest expenses | 0.48 | 0.37 |
| 4. Cash flows | - | - |

NOTES TO FINANCIAL STATEMENTS

| Particulars | (₹ Crores) | |
|---|---------------|---------------|
| | 31 March 2023 | 31 March 2022 |
| a. Benefit payments from plan | (0.42) | (0.72) |
| 5. Remeasurements | | |
| a. Effect of changes in financial assumptions | 1.42 | 0.13 |
| b. Effect of experience adjustments | 0.75 | 0.48 |
| c. Effect of Demographic assumptions | (0.09) | - |
| 6. Transfer In/Out | - | - |
| 7. Defined benefit obligation at end of year | 9.33 | 6.68 |

| B. Change in fair value of plan assets | (₹ Crores) | |
|--|---------------|---------------|
| | 31 March 2023 | 31 March 2022 |
| 1. Fair value of plan assets at beginning of year | 5.69 | 6.04 |
| 2. Interest income | 0.51 | 0.35 |
| 3. Cash flows | | |
| a. Total employer contributions | - | - |
| b. Benefit payments from plan assets | (0.42) | (0.72) |
| 4. Remeasurements | | |
| a. Return on plan assets (excluding interest income) | 2.86 | 0.02 |
| 5. Transfer In/Out | - | - |
| 6. Fair value of plan assets at end of year | 8.64 | 5.69 |

| C. Amounts recognized in the Balance Sheet | (₹ Crores) | |
|--|---------------|---------------|
| | 31 March 2023 | 31 March 2022 |
| 1. Defined benefit obligation | 9.33 | 6.68 |
| 2. Fair value of plan assets | 8.64 | 5.69 |
| 3. Funded status | - | - |
| 4. Net defined benefit liability (asset) | (0.69) | (0.99) |

| D. Components of defined benefit cost | (₹ Crores) | |
|--|---------------|---------------|
| | 31 March 2023 | 31 March 2022 |
| 1. Service cost | | |
| a. Current service cost | 0.51 | 0.39 |
| 2. Net interest cost | - | - |
| a. Interest expense on DBO | 0.48 | 0.37 |
| b. Less - Interest income on plan assets | 0.51 | 0.35 |
| c. Total net interest cost | (0.04) | 0.02 |

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

| D. Components of defined benefit cost | 31 March 2023 | 31 March 2022 |
|---|---------------|---------------|
| 3. Remeasurements (recognized in OCI) | | |
| a. Effect of changes in financial assumptions | 1.42 | 0.13 |
| b. Effect of experience adjustments | 0.75 | 0.48 |
| c. Effect of Demographic assumptions | (0.08) | - |
| d. Less - (Return) on plan assets (excluding interest income) | 0.12 | (0.02) |
| e. Total remeasurements included in OCI | 2.21 | 0.59 |
| 4. Total defined benefit cost recognized in P&L and OCI | 2.68 | 1.00 |

(₹ Crores)

| E. Employer Expense (P&L) | 31 March 2023 | 31 March 2022 |
|-------------------------------|---------------|---------------|
| a. Current Service Cost | 0.51 | 0.39 |
| b. Interest Cost on net DBO | (0.04) | 0.02 |
| Total P&L Expenses | 0.47 | 0.41 |

(₹ Crores)

| F. Reconciliation of OCI (Re-measurement) | 31 March 2023 | 31 March 2022 |
|---|---------------|---------------|
| 1. Recognised in OCI during the Beginning of the year | (0.97) | (0.38) |
| 2. Recognised in OCI during the year | (2.21) | (0.59) |
| Recognised in OCI at the end of the year | (3.18) | (0.97) |

(₹ Crores)

| G. Sensitivity analysis - DBO end of Year | 31 March 2023 | 31 March 2022 |
|---|---------------|---------------|
| 1. Discount rate +100 basis points | (0.46) | (0.39) |
| 2. Discount rate - 100 basis points | 0.50 | 0.43 |
| 3. Salary Increase Rate +1% | 0.49 | 0.44 |
| 4. Salary Increase Rate -1% | (0.45) | (0.40) |
| 5. Attrition Rate +1% | (0.05) | 0.03 |
| 6. Attrition Rate -1% | 0.05 | (0.03) |

| H. Significant actuarial assumptions | 31 March 2023 | 31 March 2022 |
|--------------------------------------|------------------------------------|------------------------------------|
| 1. Discount rate Current Year | 7.48% | 7.37% |
| 2. Salary increase rate | 8% | 5% |
| 3. Attrition Rate | 8% | 3% |
| 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 |

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

| I. Data | 31 March 2023 | 31 March 2022 |
|------------------------------|---------------|---------------|
| 1. Number of Employees | 535 | 532 |
| 2. Avg. Age (years) | 44.54 | 44.38 |
| 3. Avg. Past Service (years) | 16.38 | 14.47 |
| 4. Avg. Sal. Monthly (₹) | 19,774 | 18248 |
| 5. Future Service (years) | 13.46 | 13.62 |

(₹ Crores)

| J. Expected cash flows for following year | 31 March 2023 | 31 March 2022 |
|---|---------------|---------------|
| 1. Expected employer contributions/Additional Provision Next Year | 0.62 | 0.54 |
| 2. Expected total benefit payments | | |
| Year 1 | 1.05 | 0.42 |
| Year 2 | 0.89 | 0.63 |
| Year 3 | 0.92 | 0.53 |
| Year 4 | 0.90 | 0.56 |
| Year 5 | 0.80 | 0.57 |
| Next 5 years | 3.41 | 2.46 |

(₹ Crores)

| K. Defined benefit obligation at end of year | 31 March 2023 | 31 March 2022 |
|--|---------------|---------------|
| Current Obligation | 0.69 | 0.99 |
| Total | 0.69 | 0.99 |

Notes:

- The entire Plan Assets are managed by LIC. In the absence of the relevant information from LIC/Actuary, the above details do not include the composition of plan assets.
- 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 2023 | 31 March 2022 |
|--|---------------|---------------|
| Discount Rate | 7.48% | 7.37% |
| Future Salary Increase | 8.00% | 5.00% |
| Attrition Rate | 8.00% | 3.00% |
| Expected Rate of Return on Plan Assets | 7.37% | 6.57% |

NOTES TO FINANCIAL STATEMENTS

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.

30. Capital Commitment and Contingencies

30a. Contingent Liabilities

(₹ Crores)

| Sl. No. | Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------|--|---------------------|---------------------|
| i. | Claims against the Company not acknowledged as debts | 0.55 | 0.55 |
| ii. | Disputed Excise Duty on Inter Unit transfer of Machinery-Duty ₹ 0.76 Crores and penalty ₹ 0.76 Crores. The Appellate Tribunal has passed the order and the matter is remanded back to the Jurisdiction Officer | 1.52 | 1.52 |
| iii. | Disputed Income Tax Demand for financial year 2017-18 | - | 4.37 |

30b. Capital Commitment

(₹ Crores)

| Sl. No. | Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------|---|---------------------|---------------------|
| i. | Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) | 21.55 | 2.24 |
| 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 | 0.69 |

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.

NOTES TO FINANCIAL STATEMENTS

31. Related Party Disclosure

a. List of related parties

| Name of the Related Party | Relationship |
|---|---------------------|
| Tube Investments of India Limited | Holding Company |
| Financiere C 10 | Fellow Subsidiaries |
| Sedia SAS | |
| Sedis Co Ltd., UK | |
| Sedis GmbH | |
| CG Power and Industrial Solutions Limited | |
| CG Power Equipments Limited | |
| CG Adhesive Products Limited | |
| CG Power Solutions Limited | |
| CG Drives & Automation Netherlands BV | |
| CG Drives & Automation Sweden AB | |
| CG Industrial Holdings Sweden AB | |
| CG International BV | |
| CG Middle East FZE | |
| CG Power Solutions UK Ltd | |
| CG Power Americas, LLC | |
| QEI, LLC | |
| CG International Holdings Singapore PTE Ltd | |
| CG Sales Networks Malaysia Sdn. Bhd | |
| PT Crompton Prima Switchgear Indonesia | |
| CG Drives & Automation Germany GmbH | |
| Cellestial E-Mobility Private Limited | |
| Cellestial E-Trac Private Limited | |
| IPL Tech Electric Private Limited | |
| Great Cycles (Private) Ltd | |
| Creative Cycles (Private) Ltd | |
| Moshine Electronics Private Limited | |
| TI Clean Mobility Private Limited | |

NOTES TO FINANCIAL STATEMENTS

| Name of the Related Party | Relationship |
|--|--------------------------------|
| Mr. M Karunakaran(WTD) | Key Management Personnel (KMP) |
| Mr Ranjan Kumar Pati, CFO | |
| Mr C Subramaniam, CS (till 31.01.2023) | |
| Mr Walter Vasanth PJ, CS (from 29.03.2023) | |
| L Ramkumar | Non Executive Directors |
| Balamurugan J | |
| S K Sundararaman | |
| Soundara Kumar | |
| Krishna Samaraj | |
| M A M Arunachalam | |
| Mukesh Ahuja | |

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 2023 | As at 31 March 2022 |
|--------------------------------------|---|---------------------|---------------------|
| Services Fees Paid | Tube Investments of India Limited | 2.25 | 2.25 |
| Dividend Paid | Tube Investments of India Limited | 16.22 | 13.50 |
| Sales of Goods and Services rendered | Tube Investments of India Limited | 1.33 | 0.40 |
| | CG Power and Industrial Solutions Limited | 3.03 | 5.06 |
| Purchases of Goods | CG Power and Industrial Solutions Limited | 0.35 | 0.42 |
| Sitting Fees and Commission | Non Executive Director | 0.40 | 0.44 |
| Reimbursement of Expenses | Tube Investments of India Limited | 0.64 | 0.06 |
| | TI Clean Mobility Pvt Ltd* | - | - |
| | CG Power and Industrial Solutions Limited | 0.07 | - |
| Manpower Charges | Tube Investments of India Limited | 0.18 | 0.11 |
| Remuneration | Key Managerial Personnel | 1.50 | 1.31 |
| Payable | Tube Investments of India Limited | - | 0.63 |
| | CG Power and Industrial Solutions Limited | 0.08 | 0.27 |
| Receivable | Tube Investments of India Limited | 0.20 | 0.10 |
| | CG Power and Industrial Solutions Limited | 0.80 | 1.34 |

* Amount is below the rounding off norms adopted by the company

NOTES TO FINANCIAL STATEMENTS

c. Details of remuneration to Key Managerial Personnel are given below: (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------|---------------------|---------------------|
| - Salaries and Allowances | 1.48 | 1.30 |
| - Perquisites | 0.02 | 0.01 |

32. Segment Reporting

The Company's main business is manufacture of Gears & Gear Products. There are no separate reportable segments as per Ind AS 108. Secondary reporting based on geographical location of customers is as follows:

Revenue from external customers (₹ Crores)

| Particulars | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|--|--------------------------|--------------------------|
| India | 416.54 | 313.46 |
| Outside India | 29.11 | 23.61 |
| Total Revenue per Statement of Profit or Loss | 445.65 | 337.07 |

There are no sales to external customers more than 10% of Total Revenue

Non-Current operating assets (₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------|---------------------|---------------------|
| India | 107.44 | 101.89 |
| Outside India | - | - |
| Total | 107.44 | 101.89 |

Reconciliation of Segment assets and liabilities to amounts reflected in the Standalone Financial Statements

(₹ Crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------|---------------------|---------------------|
| Segment Assets | 373.47 | 339.15 |
| Add: Deferred Tax Assets | 4.43 | 1.61 |
| Total | 377.90 | 340.76 |

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------|---------------------|---------------------|
| Segment Liabilities | 75.55 | 80.80 |
| Total | 75.55 | 80.80 |

33. Operating Leases

The company has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹ 0.58 Crores (Previous year: ₹ 0.33 Crores) is charged to Statement of Profit and Loss. As lessor, the Company realized an income of ₹ 1.71 Crores (Previous year- ₹ 1.64 Crores) on properties under leases.

NOTES TO FINANCIAL STATEMENTS

34. Details of unhedged foreign currency exposures

| Particulars | Currency | As at 31 March 2023 | | As at 31 March 2022 | |
|-------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | Foreign Currency | INR (₹ in Crores) | Foreign Currency | INR (₹ in Crores) |
| Trade Receivables | USD | 925,794 | 7.61 | 189,833 | 1.44 |
| | GBP | 24,870 | 0.25 | 22,437 | 0.22 |
| | EURO | 65,808 | 0.59 | 2,563 | 0.02 |

35. Fair Values (₹ Crores)

| Particulars | Carrying Value | | Fair Value | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Financial Assets | | | | |
| Non-current Investments | 20.21 | 22.21 | 21.64 | 24.62 |
| Current Investments | 37.10 | 27.92 | 36.98 | 27.92 |
| Trade Receivables | 68.12 | 72.27 | 68.12 | 72.27 |
| Cash and Cash Equivalents | 15.09 | 1.32 | 15.09 | 1.32 |
| Other Bank Balances | 74.99 | 66.04 | 74.99 | 66.04 |
| Other Financial Assets | 3.41 | 2.51 | 3.41 | 2.51 |
| Total | 218.92 | 192.27 | 220.23 | 194.68 |
| Financial Liabilities | | | | |
| Other financial liabilities - Non-current-Other Long Term Liabilities | 0.48 | 0.69 | 0.48 | 0.69 |
| Trade Payables | 43.67 | 44.07 | 43.67 | 44.07 |
| Other financial liabilities - Current | 0.95 | 0.88 | 0.95 | 0.88 |
| Total | 45.10 | 45.64 | 45.10 | 45.64 |

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:

(₹ Crores)

| Particulars | Level 1 | | Level 2 | | Level 3 | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Financial Assets | | | | | | |
| Non-current Investments | 20.21 | 22.21 | | | | |
| Current Investments | 37.10 | 27.92 | - | - | - | - |
| Total | 57.31 | 50.13 | - | - | - | - |
| Financial Liabilities | | | | | | |
| Total | - | - | - | - | - | - |

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 2023 | 01 April 2022 | Net Cash flows | New leases | Other | 31 March 2023 |
|---|---------------|----------------|------------|--------------|---------------|
| Non-current borrowings (including current maturities) | - | - | - | - | - |
| Lease liabilities | - | - | - | - | - |
| Current borrowings (excluding overdraft and current maturities) | - | - | - | - | - |
| Dividend payable | - | (23.01) | - | 23.01 | - |
| Interest payable | - | - | - | - | - |
| Total liabilities from financing activities | - | (23.01) | - | 23.01 | - |

| For the year ended 31 March 2022 | 01 April 2021 | Net Cash flows | New leases | Other | 31 March 2022 |
|---|---------------|----------------|------------|--------------|---------------|
| Non-current borrowings (including current maturities) | - | - | - | - | - |
| Lease liabilities | - | - | - | - | - |
| Current borrowings (excluding overdraft and current maturities) | - | - | - | - | - |
| Dividend payable | - | (19.18) | - | 19.18 | - |
| Interest payable | - | - | - | - | - |
| Total liabilities from financing activities | - | (19.18) | - | 19.18 | - |

36. 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.

NOTES TO FINANCIAL STATEMENTS

37. 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 1%.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to 1% 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 (₹ Crores)

| As at | Nature | Increase/(Decrease) in PBT for change in USD Rate | Increase/(Decrease) in PBT for change in Euro Rate | Increase/(Decrease) in PBT for change in GBP Rate |
|---------------|-------------|---|--|---|
| 31 March 2023 | Receivables | (0.01) | 0.29 | 0.03 |
| 31 March 2022 | Receivables | 0.11 | (0.01) | 0.04 |

NOTES TO FINANCIAL STATEMENTS

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 ₹ 161.70 Crores as at 31 March 2023 and ₹ 142.14 Crores as at 31 March 2022, 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 2023, the Company has 3 customers (31 March 2022: 3 customer), the receivables from whom exceeds 5% of total receivables which amounts to approximately 19% (31 March 2022: 21%) of all the total receivables outstanding.

The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date. The provision for the not due and less than six months receivables represents expected credit loss.

| Trade Receivables | 31 March 2023 | | | 31 March 2022 | | |
|--------------------|---------------|-------------|--------------|---------------|-------------|--------------|
| | Gross | Provision | Net | Gross | Provision | Net |
| Not Due | 48.03 | 0.06 | 47.97 | 50.20 | 0.05 | 50.15 |
| Less than 6 months | 19.60 | 0.36 | 19.24 | 21.13 | 0.41 | 20.72 |
| More than 6 months | 3.03 | 2.12 | 0.91 | 2.56 | 1.16 | 1.40 |
| Total | 70.66 | 2.54 | 68.12 | 73.89 | 1.62 | 72.27 |

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.

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.

| Contractual maturities of financial liabilities | Not Due | Less than 3 months | 3 to 12 months | More than 1 year | Total |
|---|---------|--------------------|----------------|------------------|--------------|
| Year ended 31 March 2023 | | | | | |
| Trade and Other Payables | 34.50 | 5.66 | 3.51 | | 43.67 |
| Year ended 31 March 2022 | | | | | |
| Trade and Other Payables | 36.52 | 6.35 | 1.20 | | 44.07 |

NOTES TO FINANCIAL STATEMENTS

38. Financial Ratios for the year ended 31 March 2023

| Sl. No. | Particulars | Year Ended | | | Comments |
|---------|--|---------------|---------------|----------|---|
| | | 31 March 2023 | 31 March 2022 | % Change | |
| (i) | Current Ratio (Current Assets/Current Liabilities) | 3.60 | 2.99 | 20.6% | NA |
| (ii) | Debt Service Coverage Ratio (EBITDA/Finance Cost + Principal repayment on long term borrowing) | NA | NA | NA | NA |
| (iii) | Inventory Turnover Ratio (Net Sales/Average Inventory) | 6.82 | 4.74 | 43.9% | Increase in turnover by 32% aided by healthy order book and improved execution. |
| (iv) | Trade Payables Turnover Ratio (Net Credit Purchases/Average Trade Payables) | 4.95 | 3.08 | 60.5% | Higher purchases to meet increased production levels. |
| (v) | Debt-Equity Ratio (Debt/Equity) | NA | NA | NA | NA |
| (vi) | Return on Equity Ratio (Net Profit after Taxes Less Preference Dividend)/Average Shareholder's Equity | 23.8% | 17.1% | 39.6% | 58% increase in net profit aided by higher sales with improved business scenario and execution. |
| (vii) | Trade Receivables Turnover Ratio (Turnover/Average trade receivables) | 6.3 | 5.6 | 12.6% | - |
| (viii) | Net Capital Turnover Ratio (Net Sales/Working Capital) | 2.52 | 2.36 | 6.6% | - |
| (ix) | Return on Capital Employed (PBIT/Average Capital Employed) | 32.1% | 22.6% | 41.9% | Higher sales aided in better absorption of fixed costs |
| (x) | Return on Investment (PAT/Average Capital Employed) | 23.8% | 17.1% | 39.6% | Increase in net profit aided by higher sales and resulted in better absorption of fixed costs |
| (xi) | Net Profit Margin (PAT/Total Sales) | 15.0% | 12.6% | 19.4% | - |

39. Other Statutory Information

- (i) 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.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) 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.
- (v) 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.
- (vi) 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).
- (vii) The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender
- (viii) The Company does not have any subsidiaries and hence it is in compliance 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.
- (ix) 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.

40. The financial statements were approved by the Board of Directors on 9 May, 2023


| | | |
|---------------------------------------|--|---|
| | M Karunakaran Whole-time Director (DIN: 09004843) | For and on behalf of the Board of Directors M A M Arunachalam Chairman (DIN: 00202958) |
| Place: Coimbatore Date: 9 May 2023 | Ranjan Kumar Pati Chief Financial Officer | Walter Vasanth P J Company Secretary |





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