

Press Release from Shanthi Gears Ltd

Shanthi maintains topline same as last year

Coimbatore, 26th May 2020: The Board of Directors of Shanthi Gears Limited (SGL) a subsidiary of Tube Investments of India Limited (TII), met today and approved the financial results for the quarter and year ended 31st March 2020.

Highlights

The Company continues to focus on 4 key priorities of Revenue growth, Profitability, ROCE and Free Cash Flow (FCF). SGL delivered strong performance on all these 4 priorities:

- Revenue of Rs. 41.6 Crores in the quarter with a 31% degrowth over Q4 of previous year. Revenue of Rs. 242.3 Crores in the financial year with a **0.3% growth** of over previous year.
- The Profit before tax % to Sales was 1% for Q4 and 13% for the financial year ended Mar-20. The Profit before tax for the year ended Mar-20 was down by **23%** to Rs. 32.7 Crores against the previous year.
- Profitability and lower capital employed enabled the Return on average Capital Employed (ROCE) to **19%** from 21% of the previous year.
- The Company generated cumulative operating free cash flow of **Rs. 62 Crores** during the year. Cumulative Free cash flow to PAT is **254%**

During the quarter the Company booked orders for Rs. 70 Crores (against Rs. 72 Crores for corresponding quarter of the previous year). During the year the Company had booked orders for Rs. 254 Crores (against Rs. 288 Crores for the previous year). This is on account of sluggish demand from almost all major user industries due to continued industrial slow down and lockdown on account of COVID-19.

Pending orderbook as on 31st March 2020 was Rs. 155 Crores against Rs. 168 Crores in the previous year. The Company made good strides in the service and replacement market.

The outbreak of COVID-19 pandemic and the resulting lockdown enforced from 23rd March 2020 has affected the Company's regular operations. Accordingly, the Company has considered the possible effects that may result from the pandemic on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external information which are relevant in determining the expected future performance of the Company. The Company has evaluated its liquidity position, recoverability of such assets and based on current estimates expects the

carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.

About Murugappa Group

Founded in 1900, the INR 369 Billion (36,893 Crores) Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including nine listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Financial Holdings Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Transmission systems, Cycles, Sugar, Farm Inputs, Fertilisers, Plantations, Bioproducts and Nutraceuticals, the Group has forged strong alliances with leading international companies such as Groupe Chimique Tunisien, Foskor, Mitsui Sumitomo, Morgan Advanced Materials, Sociedad Química y Minera de Chile (SQM), Yanmar & Co. and Compagnie Des Phosphat De Gafsa (CPG). The Group has a wide geographical presence all over India and spanning 6 continents.

Renowned brands like BSA, Hercules, Montra, Mach City, Ballmaster, Ajax, Parry's, Chola, Gromor, Shanthi Gears and Paramfos are from the Murugappa stable. The Group fosters an environment of professionalism and has a workforce of over 50,000 employees.

For more details, visit www.murugappa.com

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