Shanthi Gears

Setting New Heights

Shanthi Gears Limited

49th Annual Report

2021-22

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Cautionary Statement

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

The Spirit of the Murugappa Group

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

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

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

The light of
RESPECT
that inspires people around us to perform

The light of
QUALITY
which makes us dream of excellence

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

murugappa

Shanthi Gears

From The Desk of the Chairman

"All round performance improvement in a challenging environment"

Dear Shareholders,

I hope you and your family are safe and in good health.

It is a pleasure to share my thoughts through this narrative as India and all of India Inc. are on to a firm footing on progress and development. Despite considerable volatility in H1, we achieved very good growth in FY22. The year 2021-22 was characterised by all round performance improvement in a challenging environment. In the 4 key priorities of Revenue growth, Profitability, Return on Invested Capital (ROIC) and Free Cash Flow (FCF), your Company delivered a strong performance.

We achieved a revenue of ₹337 crores in FY22, a 56% growth compared to the previous year. Our Profit Before Tax (PBT) at ₹58.7 crores was 125% higher than what we reported in FY21. Our Net profit scaled by 111% to ₹42.5 crores. I am happy to share that the Return on Invested Capital (ROIC) improved to 36% in FY22 from 15% in FY21, We generated a Free Cash Flow of ₹34.1 crores during the financial year and registered 61% growth over the previous year.

Our product and service quality helped us to achieve a robust order inflow. Our Pending order book as of 31 March 2022 was ₹280 crores against ₹225 crores in the previous year. During the year, the Company had booked orders of ₹386 crores, a growth of 27% over the previous year.

I am immensely proud of some of the path-breaking achievements of the team in developing and delivering customised products that were the first time for the nation. In doing so, we have made a small, yet meaningful contribution towards creating an Atmanirbhar Bharat. I thank the entire team of Shanthi Gears for their invaluable contribution to our stellar performance.

As we are going to complete the 50th year of your company we look ahead with confidence and optimism to make major strides in the industry in the years to come. The foundation laid so far would help us to serve customers better with added focus on new products & technologies, top class quality and service. We would also continuously upgrade our manufacturing processes and technologies towards this end.

In closing, I take the opportunity to thank the entire team for its unwavering passion displayed during the trying times in meeting customer commitment and achieving business goals. I express my sincere gratitude to my fellow Directors for their proactive contributions in drawing and supporting the contours of the Company's strategies. I thank all other stakeholders, including our esteemed shareholders, for their continued support.

Sincerely

L. Ramkumar

Over the last 50 years of our journey, there are many things which we have done very faithfully, other than making gears.

We have **explored.**

We have **learned.**

We have **imbibed.**

We have **improved.**

We have **ideated.**

We have **innovated.**

Our patience and persistent efforts have helped us to build an intellectual capital that is as wide as it is deep.

This invaluable asset has allowed us to remain alive to sectoral dynamism and agile to customise superior products. That stands the test of time.

Setting New Heights

We focus on customised solution

Manufacturing gears and gearboxes are one thing and customising them is quite the other.

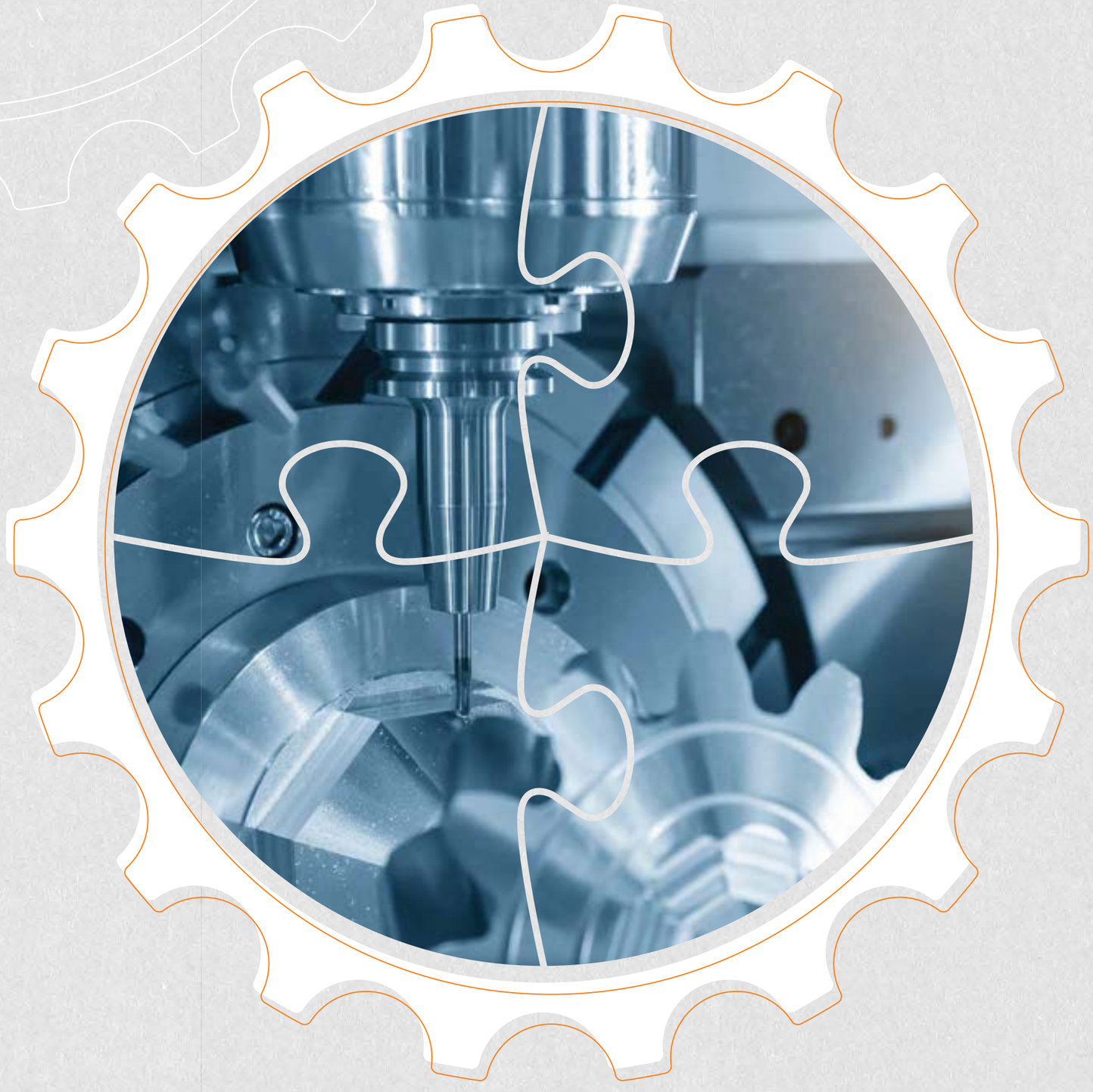
This demands in-depth knowledge of 1) Application and its operating environment, 2) Selection of effective input material, 3) Supply Chain Management, and 4) Testing methodology, among the host of other factors. Moreover, all these factors vary widely with every application, customer and Industry served.

At Shanthi Gears, we thrive on these challenges.

Our passion is to develop new products for diverse sectors ranging from conventional to emerging sectors with a large product offering - we have developed gears from 25 mm dia to 3,200 mm outer dia catering to a multitude of applications.

~70%+

Products are customised.



Setting New Heights

We enhance knowledge, on-the-job!

Marketing gearboxes and solutions are one thing. Servicing them is quite the other.

Gearboxes make equipment move be it a cycle or earth-moving equipment or a wind turbine. Hence, gearboxes need to be in motion all the time. A malfunction in the gearbox is detrimental to the user's performance & prospects.

We never hesitate to service gears of any make – Indian or global. We look upon this as an opportunity to grow our knowledge. We consider this as a platform to create and foster relationships.

We undertake such challenges and the refurbished gearboxes are supplied under Shanthi Rebuild brand.

With strong Engineering, Design and State-of-the-art manufacturing facilities we are able to associate in developement, supply, servicing and validation of gearboxes for critical application. Our products are widely used in Steel, Cement, Power, Mining etc.

Our Gears and Pinion are used in safety critical applications like Railway and Aerospace.

Setting New Heights

We deliver first-time solutions.

Ideating on improvements is satisfying and Innovating novel solutions is blissful.

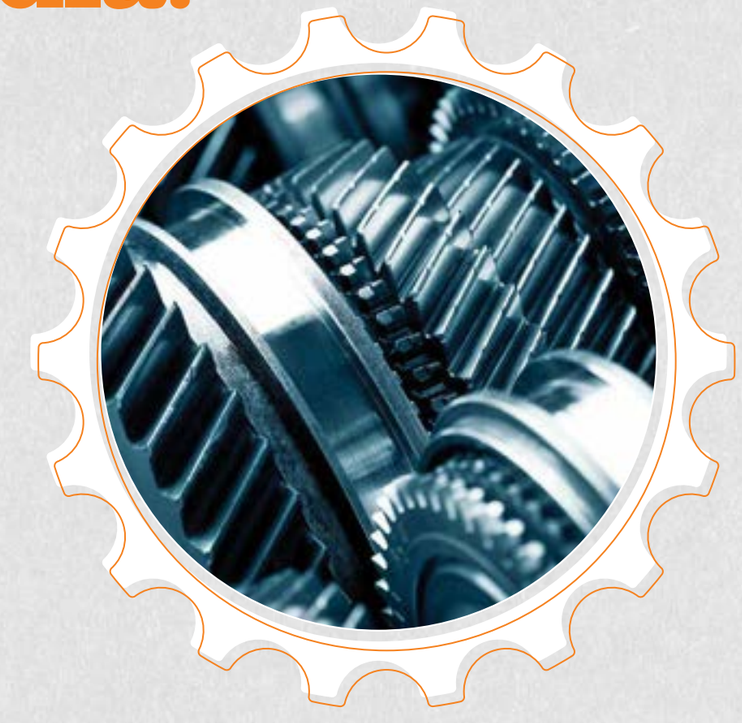
Innovation comes with its challenges – entering unchartered territories, expending resources (time and money) and then the risk of failure.

At Shanthi Gears, we have committed ourselves to widen the market with first-time solutions. Because this is the true test of the effectiveness of the intellectual capital resident within the organisation. We have been able to develop path-breaking products which were hitherto imported.

Products developed innovatively are validated through simulation, field trials and condition monitoring.

About the Company

Shanthi Gears Limited (SGL) is one of the leading players in gear manufacturing and servicing in India.



SGL is the first industrial gear manufacturing company in India having AS 9100D certification (Aero Standards) with fully-integrated operations, a strong in-house R&D and insightful design capabilities.

A subsidiary of Tube Investments of India, and part of the multi-billion dollar Murugappa Group, SGL is an Industrial Gearing Solutions company that designs and manufactures Gears, Gearboxes, Geared Motors, and Gear Assemblies.

Commencing business as a gear manufacturer for the textile industry in 1969, the Company has, over the years, diversified into manufacturing standard (off-the-shelf) and customised (non-standard) gears and gearboxes.

SGL is driven by the philosophy of innovation to create greater value for its customers and for widening the industry pie by leveraging its knowledge.

With a rich experience of nearly half a century, the Company has created a wide range of product portfolio that encompasses a range of customised gearboxes, loose gears, worm gearboxes and helical gearboxes used across various industries such as Steel, Power, Cement, Mining, Sugar, Off-Highway, Defence and Railways.

The Company operates in three manufacturing locations including one foundry in Coimbatore and operates with a team size of more than 1,000 passionate and persevering members. The Company operates a strong marketing network of 15 offices across India with 50 sales/service engineers and a strong distribution setup.

3
Manufacturing facilities

1,000+
Team size in FY22

337
Revenue in FY22
(₹ crore)

69
EBITDA in FY22
(₹ crore)

43
Profit after tax in FY22
(₹ crore)

260
Networth in FY22
(₹ crore)

Our competitive advantage

Experience

We possess nearly five decades of experience in the Industrial gear manufacturing and servicing space. We have experienced the entire life-cycle of India's industrial transformation and continue to remain relevant.

Diversity

We have it with us to challenge the odds. Our innovative zeal has allowed us to create one of the largest product basket in our business space catering to diverse sectors and applications.

Precision

Our modern cutting-edge technology, our streamlined processes and stringent quality parameters enable us to deliver robust, high-precision products.

Service

We can service/repair any gear – made by domestic or international gear manufacturers. It widens our acceptance among our customers.

End-to-end capability

We provide end-to-end solutions - from the development of a new product to the finished goods and servicing which makes us a one-stop-shop for customers' gear requirements.

Customisation

Our innovative zeal and our knowledge of the material, motion and usage allow us to customise products to specific customer requirements. It cements lasting customer relationships and makes us less vulnerable to market vagaries.

Growth

56%
Revenue

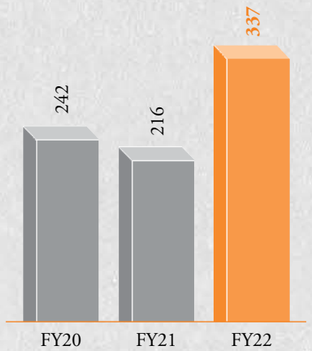
111%
Net profit

98%
EBITDA

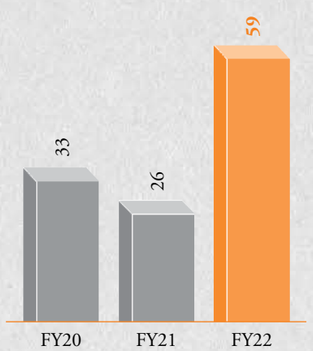
10%
Networth

Key Performance Indicators

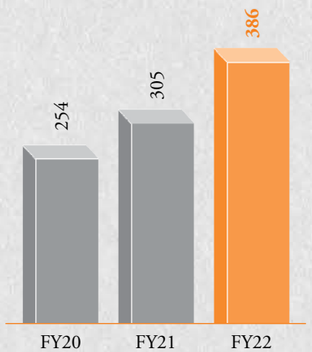
Revenue
(₹ Crore)



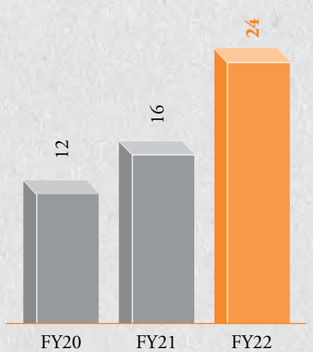
Profit before Tax
(₹ Crore)



Order book
(₹ Crore)



Export sales
(₹ Crore)



Our moments of joy

Bhumi Puja

Bhumi Puja

New Year Celebration

Pongal

Women's Day

Special Pooja

Special Pooja

Our outreach efforts

Eye camp

SGL, in association with DR Agarwal's Eye Hospital, organized an eye check-up camp on 5th February 2022.

Health & Hygiene

SGL built toilets for Sulur Pallapalayam Union Girls High School, as a part of its CSR activity in March 2022.

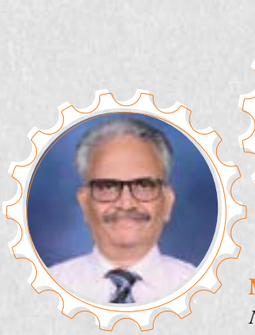
Lives & livelihood

SGL has contributed ₹1.5 Lakhs for dresses to the United Orphanage.

Education

SGL gave scholarships to PSG Tech / PSG Polytechnic / Nirmala college Students (total of 17 students)

Our Eminent Board



Mr. L Ramkumar

Chairman

(66 years; DIN-00090089)

Mr. L Ramkumar is a Cost Accountant and has a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He has over 40 years of rich and varied experience in management including 28 years in Tube Investments of India Ltd.

Ms. Soundara Kumar

Non-Executive Director

(68 years; DIN-01974515)

Ms. Soundara Kumar 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 Ltd, Tami Nadu Newsprint Limited, Bank of Baroda and Carborundum Universal Ltd.

Mr. J Balamurugan

Non-Executive Director

(61 years; DIN-00023309)

Mr. J Balamurugan 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.

Mr. S K Sundararaman

Non-Executive Director

(49 years; DIN-00002691)

Mr. S K Sundararaman 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. Mukesh Ahuja

Non-Executive Director

(49 Years; DIN: 09364667)

Mr. Mukesh Ahuja holds a degree in Production Engineering and an MBA in Marketing. He has completed Executive General Management Program in llM-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 Cellestial E-Mobility Private Limited, Cellestial E-Trac Private Limited and Aerostrovilos Energy Private Limited.

Mr. Krishna Samaraj

Non-Executive Director

(67 years; DIN-00048547)

Mr. Krishna Samaraj 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 Foundry Development Foundation. He is also holding directorship in various companies including Veejay Terry Products Limited and Chandra Textiles Private Limited.

Mr. MAM Arunachalam

Non-Executive Director

(54 Years; DIN-00202958)

Mr. M A M Arunachalam has done his Bachelors in Commerce and Masters in Business Administration from University of Chicago. He is an Industrialist and has an experience of 34 years in the field of varied industrial activities. He is the Chairman of Tube Investments of India Limited and Managing Director of Parry Enterprises India Ltd and also on the Board of Ambadi Investments of India Ltd, CG Power & Industrial Solutions Limited and Cholamandalam Investments and Finance Company Limited.

Mr. M Karunakaran

Whole-time Director

(50 Years; DIN-09004843)

Mr. M Karunakaran, Mechanical Engineer from Annamalai University and MBA from University of Madras. He has 27 Years of experience in the areas of Product Design & Development, Operations, SCM, VAVE Projects and Project Management. He has been associated with M/s. Tube Investments of India Ltd (TII) for more than 20 years and now serving as CEO of Shanthi Gears Limited.

Our Board; Sitting from the left Mr. M Karunakaran, Mr. Mukesh Ahuja, Ms. Soundara Kumar, Mr. M A M Arunachalam, Mr. L Ramkumar, Mr. J Balamurugan, Mr. S K Sundararaman and Mr. Krishna Samaraj

Our Senior Executives; Standing form the left Mr. N Saravana Prakash, Mr. C Subramaniam, Mr. Ranjan Kumar Pati and Mr. M Paranidaran

10 YEARS FINANCIAL HIGHLIGHTS

(₹ Crores)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
OPERATING RESULTS										
Revenue (Excluding excise duty)	337.07	215.53	242.29	241.68	214.12	183.95	164.79	152.00	150.77	143.72
Earnings before Depreciation, Interest & Tax (EBITDA)	69.10	34.93	41.08	53.08	48.73	46.33	39.86	29.89	51.56	50.93
Profit before Interest & Tax (PBIT)	58.73	26.07	32.69	42.46	33.17	28.50	23.15	13.14	25.95	22.36
Profit before Tax (PBT)	58.73	26.07	32.69	42.46	33.17	28.50	23.15	13.11	25.93	22.07
Profit after Tax (PAT)	42.47	20.17	25.2	33.35	28.58	22.51	17.73	9.32	18.38	15.47
Earnings Per Share (₹)	5.54	2.63	3.28	4.08	3.50	2.75	2.23	1.14	2.25	1.89
Dividend Per Share (₹)	2.50	1.50	2.00	6.00	1.00	0.75	0.50	0.50	1.00	0.60
Book Value Per Share (₹)	33.89	30.92	29.80	36.97	38.90	37.49	34.75	33.14	32.61	31.53
Interest	-	-	-	-	-	-	-	0.03	0.02	0.29
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	7.67	7.67	7.67	8.17	8.17	8.17	8.17	8.17	8.17	8.17
Reserves & Surplus	252.29	229.46	220.95	293.91	309.62	298.15	275.72	262.57	258.23	249.41
Net Worth	259.96	237.13	228.62	302.08	317.79	306.32	283.89	270.74	266.40	257.58
Debt	-	-	-	-	-	-	-	-	-	-
Deferred Tax Liability (Net)	-	-	-	-	-	-	-	0.86	2.51	6.88
Total	**259.96**	**237.13**	**228.62**	**302.08**	**317.79**	**306.32**	**283.89**	**271.60**	**268.91**	**264.46**
APPLICATION OF FUNDS										
Gross Fixed Assets	143.36	142.8	120.45	113.76	101.28	98.14	89.93	367.52	364.27	361.09
Accumulated Depreciation	77.40	68.78	60.68	55.13	44.47	32.82	16.71	285.87	269.25	245.34
Net Fixed Assets	65.96	74.02	59.77	58.63	56.81	65.32	73.22	81.65	95.02	115.75
Capital Work-in-Progress	3.19	0.03	6.40	0.18	0.50	0.77	0.36	3.61	3.60	3.62
Deferred Tax Asset (Net)	1.61	2.47	4.13	4.96	5.95	3.60	1.45	-	-	-
Long Term Investments	22.21	27.67	27.67	14.16	12.17	12.17	6.00	-	-	-
Short Term Investments & Deposits	93.08	72.69	63.06	112.69	149.01	119.26	105.30	101.09	107.76	90.60
Net Working Capital	73.91	60.25	67.62	111.46	93.35	105.20	97.56	85.25	62.53	54.49
Total	**259.96**	**237.13**	**228.62**	**302.08**	**317.79**	**306.32**	**283.89**	**271.60**	**268.91**	**264.46**
RATIOS										
EBITDA to Sales (%)	20.50%	16.21%	16.95%	21.96%	22.76%	25.19%	24.19%	19.66%	34.20%	35.44%
PBIT to Sales (%)	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%	14.05%	8.64%	17.21%	15.56%
PBT to Sales (%)	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%	14.05%	8.63%	17.20%	15.36%
PAT to Sales (%)	12.60%	9.36%	10.40%	13.80%	13.35%	12.24%	10.76%	6.13%	12.19%	10.76%
Interest Cover (Times)	-	-	-	-	-	-	-	996.33	2,578.00	175.62
ROCE (%) #	22.59%	10.99%	14.30%	14.06%	10.44%	9.30%	8.15%	4.84%	9.65%	8.45%
Return on Networth (%)	16.34%	8.50%	11.02%	11.04%	8.99%	7.35%	6.25%	3.44%	6.90%	6.01%
Total Debt Equity Ratio	-	-	-	-	-	-	-	-	-	-
Long Term Debt Equity Ratio (+)	-	-	-	-	-	-	-	-	-	-
Sales/Net Fixed Assets (Times)	5.11	2.91	4.05	4.12	3.77	2.82	2.25	1.86	1.59	1.24
Net Working Capital Turnover (Times)	4.56	3.58	3.58	2.17	2.29	1.75	1.69	1.78	2.41	2.64

#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 2021-22 are as per Ind AS and 2012-13 to 2014-15 are as per IGAAP.

CORPORATE INFORMATION

BOARD OF DIRECTORS	L Ramkumar, Chairman J Balamurugan Soundara Kumar S K Sundararaman Krishna Samaraj M A M Arunachalam Mukesh Ahuja M Karunakaran, Whole-time Director
COMPANY SECRETARY	C Subramaniam
CHIEF FINANCIAL OFFICER	Ranjan Kumar Pati
REGISTERED OFFICE	304-A, Trichy Road, Singanallur, Coimbatore-641005
PLANTS	A Unit, Trichy Road, Singanallur, Coimbatore B Unit, Trichy Road, Singanallur, Coimbatore C Unit, Avinashi Road, Muthugoundenpudur, Coimbatore D Unit, K.Krishnapuram, Tirupur District 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,

Your Directors have pleasure in presenting to you the performance of the Company, for the year ended 31 March 2022

1. Business Environment

The Business environment during FY22[1] was competitive mainly in the first half year. The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and Global inflation have made the policy-making more challenging. Further the war in Ukraine has triggered a costly crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Global growth is projected to slow from an estimated 6.1% in 2021[2] to 3.6% in 2022 and 2023

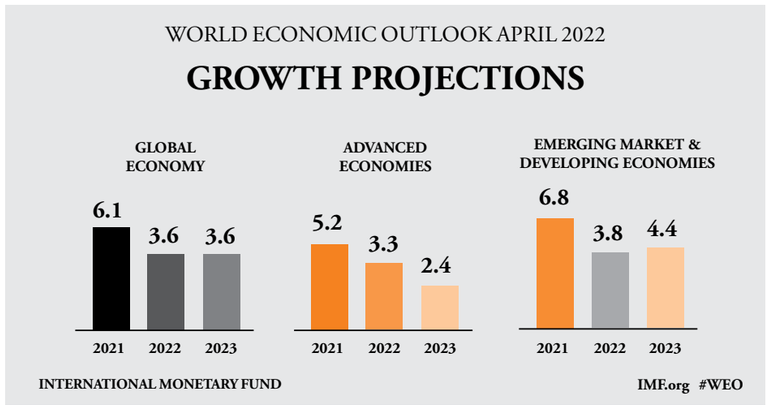
On the Economy

Global Economy: In 2021, the global economy resurged with strength. The global GDP increased by 6.1% against a contraction of 3.1% in 2020. This stellar performance was primarily due to the fiscal support given by nations across the globe (particularly the advanced economies), the widespread vaccination in advanced and developing and emerging markets, the lifting of lockdown restrictions in many countries and the renewal of commercial activities across the globe.

Global trade climbed to US$28.5 trillion in 2021 surpassing the pre-pandemic level of 2019 by 13%. Global trade in services rose by US$50 billion to touch US$1.6 trillion.

Global manufacturing production increased by 9.4% in 2021 after a 4.2% contraction in the previous year. The world was all set to sustain its momentum in the current year only to be thwarted by the global geopolitical crisis. This challenge has further intensified prevailing supply-chain issues, in addition to leading to a significant rise in food, fuel and commodity prices, dampening the prospects of sustaining the global economic recovery. The effect of inflation is expected to be more on emerging and developing nations than on advanced economies.

The International Monetary Fund in its document dated April 2022, has reduced its global GDP growth estimates for 2022 and 2023 to 3.6%.



[1] [Reference to any year FY19, FY21, FY22, FY23 – is Fiscal Year (April-March)]

[2] [Reference to years 2019, 2020, 2021, 2022, 2023 – is Calendar Year (January- December)]

Indian Economy: Aligned with the global trend, the Indian economy reported a healthy reversal in the economic trend as India's GDP grew by 8.7% in FY22 against a contraction of 6.6% in FY21.

While the agriculture segment improved its performance (from a 3.6% growth in FY21 to a 3.9% growth in FY22), the important thrust to the economy came from the industrial sector (growth of 11.8% in FY22 against a contraction of 2.8% in FY21) and the services sector (growth of 8.2% in FY22 against a contraction of 7.8% in FY21).

The keen thrust on vaccination drives across the Indian landmass helped drive fear out of the minds of Indians. Further, the Government's favourable policies attracted significant investment by the private sector which resulted in a significant uptick in industrial and services activity across the nation. Exports reached a new pinnacle as the world looked upon India as a key supply partner in the wake of global supply chain disruption.

India's fiscal deficit position improved to 6.7% of the GDP over the revised budget estimate of 6.9% mainly on account of higher tax realisation.

India's economic resurgence would have been more pronounced had it not been for the geopolitical crisis that erupted towards the close of the fiscal. The resultant inflationary pressure from this crisis weighed on India's performance in the last quarter of FY22. It will continue to do so in FY23.

As a result, the Reserve Bank of India (RBI) has lowered its estimate for India's GDP growth in FY23 from the earlier 7.8% to 7.2%. Despite this drop, India is expected to remain the fastest growing major economy in the world.

On the Industrial Gear Industry

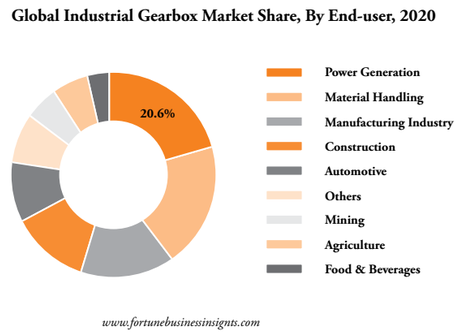
Global gear sector prospects: The global industrial gearbox market was worth US$26.17 billion in 2020. It is anticipated to be around US$38.10 billion in 2028 with a CAGR of 4.5% during the 2021-28 period. The pandemic has, to some extent, derailed these estimates.

What are gears? Gears are mechanical devices that are used to transmit motion and torque through engagement with other gears, shafts, or some other parts. Gears can be standardised as well as highly customisable too. The applications for industrial gears are diverse and they can be used everywhere where speed reduction, speed increase, power transmission, motion transmission, and force reduction are needed.

A gearbox is an enclosed system of collection of gears that put the gears in a usable format. Gearboxes can be used in many different devices for a wide range of applications. These machines can be found attached to cooling towers or conveyor belts among many other machines. Many large industries such as paper, cement, sugar and steel use a mix of these gearboxes depending on their functionality.

Needed as speed reducers, planetary gears are mainly used in motorised wheels, automatic door openers, conveyors, fluid transfer, appliances, tools and robotics.

Helical gearboxes are used with winding tooth lines and parallel shafts. A worm gear motor is used in heavy-duty operations such



as fertilizers, chemical and minerals and is used for increased speed reduction between non-intersecting crossed axis shafts.

Indian gear sector prospects: India, an agricultural economy till now, is steadily taking giant strides toward an industrial world. Manufacturing has emerged as one of the high-growth sectors in India. The Prime Minister of India launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy.

The Government of India has taken several initiatives to promote a healthy environment for the growth of the manufacturing sector in the country. Some of the notable initiatives and developments are:

The PLI Scheme: Production-linked incentive (PLI) schemes are a cornerstone of the government's push for achieving an Atmanirbhar Bharat. The objective is to make India's domestic manufacturing globally competitive and to create global champions in manufacturing. The Union Budget 2022 detailed an outlay of ₹1.97 Lakh Crores over five years for the PLI Schemes in 13 key sectors.

The Union Budget 2023: The MSME sector received a boost with the extension of ECLGS and an increased guarantee cover of ₹50,000 crore (US$ 6.55 billion).

The Union Budget 2022: This budget document promised to enhance India's domestic growth in manufacturing, trade and other sectors. The development of a robust infrastructure, logistics and utility environment for the manufacturing sector is a primary focus field.

All these factors point to one reality, the demand for gears will remain strong over the coming years.

Sector-wise prospects

Infrastructure: The Government plans to invest about ₹102 lakh crore on infrastructure projects by FY25. During fiscals 2020 to 2025, sectors such as Energy (24%), Roads (19%), Urban (16%), and Railways (13%) amount to around 70% of the projected capital expenditure on infrastructure in India. The infrastructure in India is estimated to grow at an approximate 7% CAGR up to FY25.

The urban transport solution: India is planning to spend US$507 billion to build urban transport solutions and interstate expressways in the next 10 years, out of which US$151 billion will be spent to build sub-urban and metro systems in 100 Indian cities and more than US$100 billion for building high-speed rail networks. In addition to that, US$256 billion will be spent on expressways.

India has the potential to become a global manufacturing hub by 2030. It can add more than US$500 billion annually to the global economy.

Steel: The Indian steel industry is a modern cutting-edge establishment that strives for a continuous increase in excellence and quality. Recently, it has emerged as the second largest steel producer in the world, going past Japan. In keeping with the growing investment in infrastructure, steel demand is expected to grow multi-fold over the next decade – from 106 Mn T in FY22 to 230 Mn T by FY31. Further, in July 2021, the Union Cabinet approved an ₹6,322 crore PLI scheme to boost the production of specialty steel in India.

Cement: The prospects of the cement sector are closely dovetailed with the development of infrastructure. Owing to the aggressive thrust by the Government on developing world-class infrastructure, the prospects of the cement industry appear particularly positive. India's overall cement production in FY21 was 294.4 million tonne (MT)- this is expected to reach 419.92 MT in FY27.

Crane and Material Handling: Indian material handling equipment market is part of the much bigger Indian manufacturing scenario. The crane market in India was worth $922 million in 2021 which is expected to grow to $1,248 million in FY27 with a CAGR of 5.3% between 2022 and 2027. Additionally, the rapid growth of the warehousing sector is expected to provide impetus to this growth of this business space.

Railway: Demand from Electric Locomotive, Electric Multiple Units, High-Speed Trains and Diesel Multiple Un its & Diesel Electric Towers Cars will witness a surge in demand due to aggressive Production Plans announced by the Railway Board wherein there are plans to add 40% additional capacity annually. The Make in India Initiative for the Vande Bharat Express will be a game changer for the Indian Railways.

Extrusion: The escalating demand for extruded plastic products in the consumer goods, packaging, automotive, and construction sectors is primarily driving the plastic extrusion machines market. Additionally, the shifting preferences towards automated plastic processing and manufacturing are further catalysing the market growth. Besides this, the elevating requirement for these processes in manufacturing fixed cross-sectional products with high accuracy is also augmenting the global market. In India, this segment is expected to grow by 4.5% up to FY27.

2. Company Performance

(₹ Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Revenue from operations (Net)	337.07	215.53
Earnings Before Interest Tax Depreciation & Amortisation	69.10	34.93
Depreciation and amortisation expense	10.37	8.86
Profit Before Tax	**58.73**	**26.07**
Less: Tax Expenses	16.26	5.90
Profit After Tax	42.47	20.17
Add: Surplus brought forward	24.89	16.23
Appropriations:		
Final dividend paid during the year		
Tax on Final dividend paid during the year		
Interim dividend paid during the year	19.18	11.51
Tax on Interim dividend paid during year		
Balance carried to Balance Sheet	**48.18**	**24.89**

3. Review of Operations

In FY22, the Company reported improved performance. Revenue from Operations at ₹337 Crore, registering a growth of 56% growth over the previous year. This growth was owing to an increase in order inflow and deliveries.

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

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

EBITDA increased from ₹34.9 Crore in FY21 to ₹69.1 Crore in FY22 – a growth of 98%. The Company registered a net profit of ₹42.5 Crore (an 111% increase).

From a liquidity standpoint, the Company generated a Free Cash Flow of ₹34.1 Crore during the financial year and registered 61% growth over the previous year. Free Cash Flow to PAT is 80%.

The Company's Return on Invested Capital improved to 36% in FY22 from 15% in FY21 – this showcased the better utilisation of every rupee invested in the business.

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

4. Dividend

The Company has declared an interim dividend of ₹2.5/- per equity share of Face Value ₹1/- in February, 2022 and paid during February 2022. The Board has not recommended any final dividend for FY22 and the interim dividend already declared and paid will be considered as the Dividend for the FY22.

The dividend pay-out is in accordance with the Company's policy on Dividend Distribution. The said 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 31 March 2022 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 31 March 2022.

7. Particulars of Loans, Guarantees

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

8. Directors

Mr. M.A.M. Arunachalam will retire by rotation at the ensuing Annual General Meeting under Section 152 of the Companies Act,2013 and being eligible, he offers himself for re-appointment.

Mr. Mukesh Ahuja was appointed as Additional Director (Non-Executive Director) on 22 October 2021, liable to retire by rotation and he continues upto the ensuing Annual General Meeting (AGM). Necessary resolution proposing the appointment of Mr. Mukesh Ahuja as a Director liable to retire by rotation under Section 152 of the Companies Act, 2013 forms part of the Notice for the ensuing AGM.

The Board recommends the appointment of Mr. L Ramkumar, Present Non-Executive Director as Independent Director under section 149 of the Companies Act, 2013 for a term of four years *viz.* from the date of the 49th AGM (2022) till the date of 53rd AGM (2026).

Notice has been received from a Member proposing the candidature of Mr. Mukesh Ahuja as Director and Mr. L Ramkumar as Independent Director of the Company.

The Board takes pleasure in recommending the appointment of Mr. Mukesh Ahuja as Director and Mr. L Ramkumar as Independent Director of the Company at the forthcoming Annual General Meeting.

All the Independent Directors of the Company have furnished necessary declaration in terms of Section 149(6) of the Companies Act affirming that they meet the criteria of independence as stipulated under the Companies 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.

9. Key Managerial Personnel

Mr. M Karunakaran, Whole-time Director, Mr. C Subramaniam, 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 Statutory Auditors on compliance with Corporate Governance norms forms part of this report as Annexure-G.

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

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual return as on 31 March 2022 is available on the Company's website at the following link:http://www.shanthigears.com/wp-content/uploads/ 2022/04/Form_MGT_7-2022.pdf

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:

a) in the preparation of the annual accounts, applicable Accounting Standards have been followed and that there were no material departures therefrom;

b) 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 31 March 2022 and of the profit of the Company for the year ended on that date;

c) 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;

d) they have prepared the annual accounts on a going concern basis;

e) 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 31 March 2022; and

f) 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 31 March 2022.

17. Policy on Appointment and Remuneration of Directors

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

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

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

18. Related Party Transactions

All related party transactions that were entered during the year under review were on an arm's length basis and were in ordinary course of business. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under Accounting Standard (Ind AS 24) have been made in the notes to the Financial Statements. The Policy on Related Party Transactions, as approved by the Board, is uploaded and is available on the Company's website http://www.shanthigears.com/wp-content/uploads/2019/05/SGL-RPT-Policy-Mar-2019.pdf

None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

19. Board Evaluation

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

20. Vigil Mechanism/ Whistle Blower Policy

The details of vigil mechanism/Whistle Blower policy is given in the Corporate Governance Report.

21. Business Responsibility Reporting

As required under the SEBI Listing Regulations which mandate the inclusion of a Business Responsibility 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-F. The Business Responsibility Policy of the Company is displayed in the Company's website at the following link:

To be updated

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.*, 31 March 2022 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 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 533 permanent employees on its rolls, as on 31 March 2022.

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 datWwe 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 FY22.

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-E. The Company has ensured compliance of the Secretarial Standards issued by the Institute of Company Secretaries of India during the period under review. Accordingly, no qualification or observation or other remarks have been made by the Secretarial Auditor in his Report.

27.Auditors

The Members have appointed M/s Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S) the Statutory Auditors of the Company for a period of 5 years from the conclusion of 45th AGM (2018) till the conclusion of 50th AGM (2023) subject to ratification of such appointment by members at every AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 7 May 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the Forty-ninth AGM.

Mr. B. Venkateswar was appointed as Cost Auditor for audit of the Cost Accounting records of the Company for the year ended 31 March 2023. A resolution seeking Members' ratification of the Remuneration payable to Cost Auditor is included in the AGM notice dated 7 May 2022. The Cost Audit report will be filed within the stipulated period.

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

L Ramkumar
Chairman
DIN-00090089

Coimbatore
7 May 2022

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 8 July 2016. This policy will be effective from 29 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 endeavour 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.

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

4. Circumstances under which the shareholders may not expect Dividend

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

4.1 In the event of inadequacy of profits or whenever the Company has incurred losses;

4.2 Significant cash flow requirements towards higher working capital requirements / tax demands / or others , adversely impacting free cash flows;

4.3 An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;

4.4 Allocation of cash required for buy-back of securities;

4.5 Any of the above referred internal or external factors restraining the Company from considering dividend.

5. Utilization of retained earnings

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

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

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

The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

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

7. Procedure

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

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

8. Disclosure

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

9. General

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

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

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

ANNEXURE B TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

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

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

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

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Soundara Kumar	Chairperson, Independent, Non-Executive	2	2
2	Mr. L Ramkumar	Member, Non-Independent, Non-Executive	2	1
3	Mr. S K Sundararaman	Member, Independent, Non-Executive	2	1

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) Composition of the CSR Committee shared above is available on the Company's website on http://www.shanthigears.com/board-committees

b) CSR Policy is available on the weblink: http://www.shanthigears.com/wp-content/uploads/2018/07/CSR-Policy.pdf

c) CSR Projects are available on the weblink: http://www.shanthigears.com/wp-content/uploads/2022/04/CSR-Approved-projects-2021-22.pdf

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), Rule, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial year (in ₹)	Amount required to be set off for the financial year, if any (in ₹)
	-	NIL	NIL

6. Average net profit of the Company as per Section 135(5): ₹33.30 Crores

7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹0.67 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 (7a+7b-7c): ₹0.67 Crores

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

Total Amount Spent for the Financial Year (₹ Crores)	Amount Unspent (₹ Crores)				
	Total Amount transferred to Unsepnt CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second provisio to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
0.68	NIL	-	-	NIL	-

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Amount Spent for the project (₹ Crores)	Mode of imple-mentation Direct (Yes/No)	Mode of implementa-tion-Through agency	
				State	District			Name	CSR Reg-istration number
1	For Implementation of Studies on Climate change through marine research Lakshadweep	(iv)	No	Lakshadweep		0.3330	No	Shri AMM Murugappa Chettiar Research Centre	CSR00000057.
2	Girls Education Centres	(ii)	No	Chhattisgarh	Raigarh	0.0500	No	IIMACT	CSR00002935
3	Infrastructure for Gov-ernment Schools	(ii)	Yes	Tamil Nadu	Coimbatore	0.0510	Yes	-	-
4	Scholarship to College Students	(ii)	Yes	Tamil Nadu	Coimbatore	0.0210	Yes	-	-
5	COVID-19 Relief Measures	(xii)	Yes	Tamil Nadu	Coimbatore	0.0244	Yes	-	-
6	Greenery Development Project in Association with Resident Awareness Association of Coim-batore	(iv)	Yes	Tamil Nadu	Coimbatore	0.1500	Yes	Residents Awareness Assiciation of Coimbatore	CSR00001894
7	Contribution to Orphanage	(i)	Yes	Tamil Nadu	Coimbatore	0.0150	No	The United Educational & Social Welfare Trust	CSR00000029
8	Cloths provided to NSS students for supporting Police	(iv)	Yes	Tamil Nadu	Coimbatore	0.0315	Yes	-	-

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if any: NIL

(f) Total amount spent for the Financial year (8a+8b+8c+8d): ₹0.68 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)	0.67
(ii)	Total amount spent for the Financial Year	0.68
(iii)	Excess amount spent for the financial year ((ii)-(i)	0.01
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous years, if any	NIL
(v)	Amount available for set off in succeeding financial years (iii)-(iv)	NIL

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

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

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

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

(a) Date of creation or acquisition of the capital asset(s): None

(b) Amount of CSR spent for creation or acquisition of Capital Asset: NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of Capital Asset: Not Applicable

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

L Ramkumar
Chairman
DIN-00090089

Soundara Kumar
Chairperson of the CSR Committee
DIN- 01974515

Coimbatore
7 May 2022

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. L Ramkumar	Chairman	1.33
Mr. J Balamurugan	Director	1.56
Mr. S K Sundararaman	Director	1.37
Ms. Soundara Kumar	Director	1.53
Mr. Krishna Samaraj	Director	1.13
Mr. M A M Arunachalam	Director	1.13
Mr. M Karunakaran	Whole-time Director	15.34

Note: * Remuneration includes sitting fees

2. Percentage Increase in Remuneration of each Director & Key Managerial Personnel in the Financial Year 2021-22

Name	Designation	% Increase
Mr. L Ramkumar	Chairman	-2.86%
Mr. J Balamurugan	Director	2.56%
Mr. S K Sundararaman	Director	-5.41%
Ms. Soundara Kumar	Director	2.63%
Mr. Krishna Samaraj	Director	0.00%
Mr. M A M Arunachalam	Director	Not applicable
Mr. M Karunakaran	Whole-time Director	Not applicable
Mr. Ranjan Kumar Pati	Chief Financial Officer	Not applicable
Mr. C Subramaniam	Company Secretary	8.00%

3. Percentage Increase in the Median Remuneration of Employees (₹ in Lakhs)

Median Remuneration	
2020-21	5.02
2021-22	5.11
Increase / (Decrease)	**0.09**
% Change	1.85%

4. Number of Permanent Employees on Roll: 533

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 0.77%. The increase granted to managerial personnel is 7.97%.

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

L Ramkumar
Chairman
DIN-00090089

Coimbatore
7 May 2022

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 2021-22 are highlighted hereunder:

The Company has invested on LED light installation at Shop floor, installed the Variable Frequency Drive at Boring, Drilling & Grinding machines. Conversion of CRT Monitor to LCD Monitor at shop floor machines. Improved the Wind mill generation about Two Lacs units by installed Quick sense systems at two of our wind mills.

Green Power

The company has 9 Wind Mills with a total capacity of 6.7 MW. These wind mills generated 100.16 lakh units of electricity and these units were used for captive production. In addition to this, the company also generated 2.09 lakh units of electricity from the 200 KW Roof top Solar panels installed in the Company's premises.

Technology Absorption

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

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

SGL will explore synergies with CG Power which is a Murugappa group company to come up with complete Integrated Electric Drive Solutions for Automotive and Off-Highway Machinery domains. Also R&D is in the process of establishing the test set up for accelerated life cycle testing of Gear Boxes of wider torque range. R&D will be establishing test set up for testing Wind Turbine Gear Boxes for 1.5MW Wind Mill plants. Future manufacturing processes and disruptors are also under the radar of the department and considerable efforts are being worked out on patentable ideas. SGL-R&D in collaboration with its external partners has developed instrumentations and sensor devices for improving the reliability and life of the Gearbox to provide value addition to the customers. As a part of automation in shop floor machines and assembly shops, IIOT monitoring is done, resulting in improvement in production efficiencies. A special focus is given towards Condition Monitoring Systems (CMS) development for various industry domain applications. SGL-R&D is developing cloud based CMS products and services for NVT (Noise, Vibration & Temperature) diagnosis and solutions for Gearboxes which will position SGL as one-source services provider for all its customer needs.

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

Expenditure on R & D (₹ Crores)

Particulars	2021-22	2020-21
Capital Expenditure	-	-
Revenue Expenditure	2.21	2.06
Total R & D Expenditure	**2.21**	**2.06**
Total R & D Expenditure as a % of turnover	**0.66%**	**0.96%**

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

Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings & Outgo	2021-22 (₹ Crores)
Foreign Exchange Earned	22.53
Foreign Exchange Outgo	3.23

On behalf of the Board

L Ramkumar
Chairman
DIN-00090089

Coimbatore
7 May 2022

ANNEXURE E TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

[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 24 A of the 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 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 31 March 2022. 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 on 31 March 2022 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 on 31 March 2022 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (not applicable during the year under review);

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable during the year under review);

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 & the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (not applicable during the year under review);

f) 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);

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable during the year under review) ; and

h) The Securities and Exchange Board of India (Buyback 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:

1. Factories Act, 1948;
2. 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.;
3. Industries (Development & Regulation)Act, 1951;
4. Acts relating to consumer protection including the Competition Act, 2002;
5. Acts and Rules prescribed under prevention and control of pollution;
6. Acts and Rules relating to Environmental protection and energy conservation;
7. Acts and Rules relating to hazardous substances and chemicals;
8. Acts and Rules relating to electricity, fire, petroleum, drugs, motor vehicles, explosives, boilers etc.;
9. Acts relating to protection of IPR;
10. Land revenue laws; and
11. 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 year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, 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 to schedule the Board 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. Notes on Agenda which are circulated less than the specified period the necessary compliances under the Companies Act, 2013 and secretarial standard on Meeting of the Board of Directors are complied with. Board Meetings that were held through video conferencing or other audio visual means, / the directors who were participated through video conferencing during the period under review the necessary compliances of Rule 3 & 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 have been complied with.

Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic 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 at the Board / Committee Meetings were taken with the consent of the Board of Directors / Committee Members and no Director / Member had dissented on any of the decisions taken at such Board / Committee Meetings. Further, in the minutes of the General Meeting, the number of votes cast against the resolutions by the members has been recorded.

We further report that based on review of compliance mechanism established by the Company 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 8th February, 2019 issued by the Securities and Exchange Board of India.

Place : Chennai
Date : 7 May 2022

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: F004775D000264188

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 THE SECRETARIAL AUDIT REPORT

The Members
SHANTHI GEARS LIMITED
CIN: L29130TZ1972PLC000649
304A, TRICHY ROAD, SINGANALLUR
COIMBATORE - 641005

Our report 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. 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.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. 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.

Place : Chennai
Date : 7 May 2022

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

CS R. SRIDHARAN
CP No. 3239
FCS No. 4775
PR NO. 657/2020
UIN : S2003TN063400
UDIN: F004775D000264188

ANNEXURE F TO THE BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

About this Report

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) prescribe that the top 1000 listed entities based on market capitalisation as at the end of March of every financial year are required to include a Business Responsibility Report (BRR) as part of their Annual Report. The following report has been prepared in accordance with Regulation 34 of the Listing Regulations since the Company figures among the top 1000 listed entities in India based on market capitalisation at the National Stock Exchange of India Limited (NSE) and the BSE Ltd (BSE) as at 31 March 2022.

Section A: General Information about the Company

1	Corporate Identity Number (CIN)	L29130TZ1972PLC000649
2	Name of the Company	Shanthi Gears Limited
3	Registered office address	304-A, Trichy Road, Singanallur, Coimbatore – 641005
4	Website	www.shanthigears.com
5	E-mail ID	cs@shanthigears.murugappa.com
6	Financial Year reported	1 April 2021 to 31 March 2022
7	Sectors that the Company is engaged in (industrial activity code-wise)	Gears, Gear Boxes and Geared Motors (NIC Code : 2814)
8	List three key products/services that the Company (as in balance sheet)	Gears, Gear Boxes and Geared Motors
9	Total number of locations where business activity is undertaken by the Company	
	a) Number of International Locations (Provide details of major 5)	There are no international manufacturing operations for the Company
	b) Number of National locations	The Company has manufacturing operations in 3 locations locally in Coimbatore and Palladam (Unit C, Unit D and Unit F) .
10	Markets served by the Company- Local/State/ National/ International	The Company predominantly serves the Indian market. The Company also has export to other countries in Asia, Europe and the America.

Section B: Financial details of the Company

1	Paid up Capital (INR)	₹7.67 Crores
2	Total Turnover (INR)	₹337.07 Crores
3	Total profit after taxes (INR)	₹42.47 Crores
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹0.68 Crores 1.60 %
5	List of activities in which expenditure in 4 above has been incurred	Education & Environmental Sustainability and Covid-19 relief measures (please refer the CSR Annual Report for details)

Section C: Other details

1. Does the Company have any Subsidiary company/companies?

   No. The Company has no subsidiaries. (The Company is a subsidiary of Tube Investments of India Limited)

2. Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

   Not Applicable

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

   The Company does not mandate its suppliers and distributors to participate in its BR activities. However, they are encouraged to do so.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies	
DIN Number	09004843
Name	M Karunakaran
Designation	Whole Time Director
b) Details of the BR head	
DIN Number	09004843
Name	M Karunakaran
Designation	Whole Time Director
Telephone number	0422-4545745
Email ID	KarunakaranM@shanthigears.murugappa.com

2. Principle-wise (as per NVGs) BR Policy/policies

The 9 areas of business responsibility enunciated under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs, Government of India are:

Priniciple ("P")	**Area of BR**
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
3	Businesses should promote the well-being of all employees
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
5	Businesses should respect and promote human rights
6	Business should respect, protect and make efforts to restore the environment
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
8	Businesses should support inclusive growth and equitable development
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	**Questions**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://www.shanthigears.com								
7	Has the policy been formally communicated to All relevant Internally and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in house structure to Implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have grievance redressal Mechanism Related to the policy/policies to address stakeholders' Grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

The policies of the Company are based on its guiding principles and core values and are mapped to each of the principles hereunder.

Principle	Applicable Policies
Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	• Values and Beliefs, called the 'Five Lights' • Whistle Blower Policy • SGL Code of Conduct
Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	• Safety, Health and Environmental Policy
Businesses should promote the well-being of all employees	• Safety, Health and Environmental Policy • Policy on prevention of Sexual Harassment at the work place
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	• CSR Policy • Values and Beliefs, called the 'Five Lights'
Businesses should respect and promote human rights	• Whistle Blower Policy • Code of Conduct
B Business should respect, protect and make efforts to restore the environment	• Safety, Health and Environmental Policy
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	• Values and Beliefs, called the 'Five Lights'
Businesses should support inclusive growth and equitable development	• CSR Policy
Businesses should engage with and provide value to their customers and consumers in a responsible manner	• Values and Beliefs, called the 'Five Lights'

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not applicable.

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.**

  The BR performance revolves around a number of policies which is assessed by the BR Head monthly, quarterly and annually based upon its importance and impact on the Company's operations and activities.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently it is published?**

  Yes. The Company publishes a BR Report as part of its Annual Report. The said Report is also available in the Company's website at www.shanthigears.com

Section E: Principle-wise Performance

Principle 1 – Ethics, Transparency & Accountability

The Company is committed to developing governance structures, procedures and practices that ensure ethical conduct at all levels; and promoting the adoption of this principle across its value chain. Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, senior management and all employees of the Company.

1. Does the policy relating to Ethics, Bribery and Corruption cover only the Company? Yes/No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company's policies relating to Governance rest on adhering to ethics, transparency in dealing with stakeholders, adequate and timely disclosure etc. These policies are similar across all the entities in the Group. All stakeholders of the Company - internal as well as external are expected to work within the framework of the aforesaid policies/principles. 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 endeavours to reiterate awareness and also impart training on these values to its employees. The relevant stakeholders of the Company are also made aware of the said values from time to time.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has set up a Whistle-blower mechanism as an avenue for voicing of concerns *inter alia* relating to unethical behavior. During the year, there were no complaints under the Company's Whistle Blower policy. There were one complaint from stakeholder (*viz.*, shareholders) under the Stakeholders Relationship Committee established for voicing of grievances/issues by investors, all of which were promptly resolved. There were no complaints pending as at 31 March 2022

Principle 2 - Safety and sustainability of goods & services

The Company undertakes to assure safety and optimal resource use over the life-cycle of its products. Efforts will be made to ensure that everyone connected with it be it designers, producers, value chain members, customers and recyclers are made aware of their responsibilities.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Gears & Gearboxes

The company has developed Gears and Gearboxes for different Industrial applications such as Steel, Cement, Paper, Material handling, Railways, Mining etc., Some of the products are Import substitutes, enabling conservation of foreign currency. The company caters to the requirements of infrastructure industry by providing gears of Steel, Cement and Railway Sectors. To support environment, the company is servicing/replacing the windmill gearboxes/ gear components. Needless to say, windmill is one of the renewable energy sources.

The Company, being conscious on supporting Make in India drive of Indian Government, is making gears and gearboxes for defense sector which are imported earlier. The Company is also developing number of new energy efficient and compact gearboxes to save energy and space.

The Company has strong focus on managing and reducing its energy, water and waste footprint, and is in constant lookout for improvement opportunities. Some interventions taken in this regard include implementation of ISO 14001 and OHSAS 18001 standardisation systems, reducing overall dependence on direct fuel consumption at our operational sites. All these efforts have allowed us to improve upon our resource use efficiency.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): Not Applicable

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. Vendors/service providers are encouraged to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS 18001 and Company's Environment, Health and Safety (EHS) Guidelines. The Company's integrated operations ensure sustainable exploitation of the available resources. Joint project opportunities amongst various business units improve efficiencies in sourcing besides resulting in product efficiencies. Conscious efforts are made to ensure that everyone connected with the Company be it the designers, producers, value chain members, customers and recyclers are made aware of their responsibilities. The Company is continuously focused on internal improvements which helps in achieving operational efficiencies also resulting in energy conservation and sustainable operations. Usage of materials which are either recycled or capable of recycling assumes top priority.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has developed a vendor base around many of its manufacturing locations. Capability building is the primary focus of the Company's vendor development and management process. The Company recognises the importance of its vendor base and continuously monitors the financial health and business practices of the same.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has sustainable processes in place to recycle the products and waste, post completion of manufacturing life cycle.

Principle 3 - Promotion of well-being of employees

The Company ensures a work environment that promotes well-being of all its employees. Focusing on health, safety and preventing discrimination are part of the Company's guiding principles on employees' well-being.

1	Please indicate the total number of employees	1,523
2	Please indicate the total number of employees hired on temporary/ contractual/casual basis	990
3	Please indicate the number of permanent women employees	26
4	Please indicate the number of permanent employees with disabilities	NIL
5	Do you have an employee association that is recognized by management?	Yes
6	What percentage of your permanent employees is members of this recognized employee association?	36
7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL
8	What safety & skill up-gradation training was provided in the last year?	
	Safety Training:	
	1. ERT -Preparedness Plan & Procedure	
	2. Mock Drill Preparation - Emergency Preparedness	
	3. Domestic Safety Precautions	
	4. Hazardous Waste Management, Handling and Storage	
	5. Foundry Safety Awareness- For Hindi Workmen	
	6. Hazardous Waste Handling/Storage	
	7. EHS Orientation for New Employees	
	8. Material handling Safety- Involving EOT, Forklift and Applicable Material handling equipment	
	9. Covid Preparedness and Safety Measures- In Industrial environment	
	10. IMS Awareness Session- (Concepts covered: HIRA, AIA, MOC, etc.)	
	11. Material handling Safety - NMS Batch 2 (Manual and Mechanical handling practices)	
	12. Hot Work & Electrical Power tools/ Hand Tools Safety	
	13. Contractors- Safety Training Program	
	14. Material Handling Safety - For Service Team regarding the dismantling activities	
	15. Electrical Hand Tools & Electrical Equipment Safety	
	16. Covid Precaution - In Kitchen/Dinning section	
	17. Transport Safety - For truck and bus drivers- Inside Plant and Outside factory	
	18. Transport Safety- For Bus drivers	
	19. Contractors- Safety Precautions	
	20. MOC & PSSR and Risk Assessment- Awareness session for Maintenance team	
	21. Drivers- Defensive driving program- Refreshment session	
	22. Forklift Safety	
	23. Environmental awareness - For House Keeping team	
	24. ISO 14001 & ISO 45001	
	25. General Shop floor Safety - For NMS Workmen & Trainees	
	26. Visitor Induction Protocols	
	27. Energy Conservation and Cost Savings	
	28. E Permit System	
	29. Contractor Workers- SGL Procedures communication	
	30. Usages and Importance of Impact Gloves Awareness	
	31. Fire Mock drill	
	32. Work Permit System- Hot work, LOTO, Confined space, Excavation, Height work	
	33. Safety Committee Meeting- Introduction	
	34. Hazardous Waste handling	
	35. Plastic Free Awareness session	
	36. EHS Introduction & EMS/OHSMS	
	37. HIRA & AIA Refreshment Training	
	38. Occupational Health and Industrial Hygiene	
	39. IMS Audit Preparation- HIRA-AIA awareness section/Training	
	40. First Aid Training	
	41. Basic Life save & support Training	
	42. Health & Safety Awareness	

Principle 4 - Responsiveness towards stakeholders

The Company is responsive to the requirements of all its Stakeholders and this is enshrined in its Corporate Values & Beliefs of Integrity, Passion, Quality, Respect and Responsibility. These values require that the Company act as a responsible corporate citizen and change lives for the better and this is to be done in a manner that reflects humility. The Company considers its employees, business associates, suppliers, stockists, dealers, customers, shareholders/investors and communities surrounding its operations and regulatory authorities as its key stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, supplier/vendor meetings, customer/employee engagement surveys, investor forums, etc. The Company's website, www.shanthigears.com provides comprehensive information to the stakeholders about the Company.

1. **Has the Company mapped its internal and external stakeholders?**

   Yes. The Company has mapped its internal and external stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders identifying their needs and priorities so as to serve these needs accordingly. The systems and processes are in place to systematically identify stakeholders and for understanding their concerns and for engaging with them are reviewed from time to time.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders.**

   The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalised stakeholders in and around the Company's factories/plants.

Principle 5 - Promoting human rights

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment is set out in its Code of Conduct and the Five Principles governing the Group. The policy provides conduct of operations with honesty, integrity and openness with respect for human rights and interests of employees. The Company believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?**

   The policy of the Company on human rights is enshrined in the values represented in the Five Lights guiding the Company, its Group companies and their employees across all spheres. The alignment with this value system is expected out of any person dealing with the Company.

   The Company encourages its suppliers, contractors and others to follow the principles laid down in the five principles of its values and beliefs.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaint pertaining to violation of human rights was received during the financial year ended 31 March 2022.

Principle 6 - Protecting the environment

The Company takes responsibility for and accords the highest value to the protection of the environment. Accordingly, the best practices and procedures relating to environment protection are followed by all the factories of the Company. The Company strives to promote ecological sustainability and green initiatives by adopting energy saving mechanism and sensitising employees to reduce carbon foot print of the Company.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.**

   Sustainability is an important element of the Company's business processes. The Company encourages all its stakeholders to follow environment-friendly processes.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   As a manufacturing company, necessary mechanisms have been set up for ensuring compliance with the laws on environment. mechanisms in place to ensure compliance with the applicable environmental laws. The Company is committed to be an environment friendly organisation and has a dedicated Environmental Policy across all its business units. The Company is an active player in practicing initiatives to address environmental issues and ensuring sustainable development.

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes. The Company does have a mechanism to identify and assess potential environmental risks in its plants, projects and operations. Environmental risk identification and mitigation is ingrained in the Company's risk management system.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any Environmental Compliance Report is filed?**

   No, the Company has not undertaken any specific project related to the Clean Development Mechanism as per the Kyoto Protocol.

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction, re-use, re-cycling and managing waste. Continuous efforts are on to improve energy efficiency in every sphere of Company's operations. Appropriate measures to check and prevent pollution are undertaken. The Company seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies. Suitable processes and systems are developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages caused due to the Company's operations.

6. **Are the emissions/wastes generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   All businesses of the Company are engaged in manufacturing activity. Accordingly, it is being ensured that the emissions/ wastes being generated through such activities are in compliance with the applicable environmental laws.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   No show cause/legal notices were received from CPCB/ SPCB during the financial year.

Principle 7- Responsibility towards public and regulatory policy

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.**

   Yes.

   1) Confederation Of Indian Industry
   2) Madras Management Association (MMA)
   3) The Employers' Federation of Southern India
   4) Indian Wind Power Association
   5) American Gear Manufacturers Association
   6) The Institute Of Indian Foundrymen

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, others)**

   Yes. While the Company is not actively involved in lobbying, 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 – Supporting inclusive growth and development

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. Please refer to the CSR Annual Report for the financial year ended 31 March 2022

2. **Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/ government structures/any other organization?**

   For the financial year, 2021-22, while certain budgeted CSR initiatives were implemented directly by the Company with in-house support, for projects requiring specialised experience and expertise for execution, implementing agencies were also involved.

3. **Have you done any impact assessment of your initiative?**

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

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Please refer to the CSR Annual Report of the Board's Report for the FY 2021-22 for details of the direct contribution made by the Company during the financial year ended 31 March 2022.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Initiatives are identified based on the requirement of the community such that the benefits out of them are of an enduring nature. – Please refer to the CSR Annual Report for the financial year ended 31 March 2022.

Principle 9 – Providing value to customers & consumers

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.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   Pending customer complaints/consumer cases constitute a very meager percentage (less than 1%) as at the end of 31 March 2022. Proactive steps are being taken to resolve the same at the earliest.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).**

   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.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

   There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behavior against the Company.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   No.

On behalf of the Board

L Ramkumar
Chairman
DIN-00090089

Coimbatore
7 May 2022

ANNEXURE G 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 eight members, as on the date of this Report, with knowledge and experience in different fields. Mr. L Ramkumar, Chairman (Non-Executive), Mr. M A M Arunachalam, Director (Promoter, Non-Executive) and Mr. Mukesh Ahuja, Director (Non-Executive) are Non–Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). Mr. M Karunakaran is the Whole-time Director (Executive) of the Company.

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 Directorsof the Company fulfil 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. 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 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/wp-content/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 are given in Company's website: Web link: http://www.shanthigears.com/wp-content/uploads/2018/07/Familiarization-programme-for-Independent-Directors.pdf

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

Your Company has a well-established practice with regard to deciding dates of meetings. The annual calendar for the meetings of the Board is finalised early on in consultation with all the Directors. A minimum of five Board Meetings are held each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and

business re-organisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments and compliance with status are also reviewed by the Board from time to time.

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

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

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

There were five meetings of the Board during FY22. The dates of the Board meetings, attendance and the number of Directorships/ Committee memberships held by the Directors as on 31 March 2022 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. Of the three members of the Committee, all are independent Directors, with Ms. Soundara Kumar, 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 31 March 2022. 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.

Mr. J Balamurugan, a Non-Executive 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 31 March 2022 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 three members including two Independent Directors as its members.

Ms. Soundara Kumar, a Non-Executive 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.

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.

Mr. J Balamurugan, a Non-Executive Director, is the Chairman of the Risk Management Committee. The Committee met once during the year. 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 22 March 2022, 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 transfers/transmissions. Share transfer requests are processed within 15 days from the date of receipt. M/s. S.K.D.C. Consultants Limited, Coimbatore is the Company's share transfer agent.

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

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

Mr. L Ramkumar, a Non-Executive Director, is the Chairman of the Stakeholders Relationship Committee. The Committee met once during the year ended 31 March 2022. The

composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure A to this Report.

No Investor complaints were pending as at 31 March 2022 and no complaints received during the year.

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. cs@shanthigears.murugappa.com, Mr. C Subramaniam, Company Secretary is the Compliance Officer.

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 statues 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.

Whistle Blower Policy

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

Compliance of Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms during the financial year. Quarterly financial results of the Company are published in leading newspapers and uploaded on the Company's website.

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

Other Disclosures

A 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).

There have been no instances of non-compliance by the Company or have any penalty or strictures been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or by any statutory authority on any matter 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

L Ramkumar
Chairman
DIN-00090089

Coimbatore
7 May 2022

Declaration on Code of Conduct

To

The Members of Shanthi 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 31 March 2022, as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Coimbatore
7 May 2022

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 five times during the financial year 2021-22. The dates of the Board meetings were 24 May 2021, 21 July 2021, 22 October 2021, 3 February 2022 and 22 March 2022.

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 31 March 2022 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 March2022
1	Mr.L Ramkumar	4(5)	2(1)	3(2)	Present	-
2	Mr.J Balamurugan	5(5)	3	2	Present	-
3	Ms.Soundara Kumar	5(5)	7	7(3)	Present	-
4	Mr. S K Sundararaman	4(5)	5	7	Absent	-
5	Mr. Vellayan Subbiah[c]	3(3)	-	-	Present	-
6	Mr. Krishna Samaraj	4(5)	3	2	Present	-
7	Mr. M A M Arunachalam	4(5)	7(2)	6(2)	Present	-
8	Mr. M Karunakaran	5(5)	1	-	Present	1512 Equity Shares
9	Mr. Mukesh Ahuja[d]	2(3)	1	-	Not Applicable	-

(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) Resigned on 22 October 2021

(d) Appointed as additional Director on 22 October 2021

(C) Composition of Audit Committee and Attendance

The Committee met four times during the financial year 2021-22. The dates of meetings were 24 May 2021, 21 July 2021, 22 October 2021 and 3 February, 2022.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	Ms. Soundara Kumar, Chairperson	4(4)
2	Mr. J Balamurugan	4(4)
3	Mr. S K Sundararaman	3(4)

(D) Composition of Nomination and Remuneration Committee and Attendance

The Committee met three times during the financial year ended 31 March 2022. The dates of meetings were 24 May 2021, 21 July 2021 and 22 October 2021. 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	Mr. J Balamurugan, Chairmman	3(3)
2	Mr. L Ramkumar	3(3)
3	Mr. S K Sundararaman	2(3)

(E) Remuneration of Non-Executive Directors

The details of commission provided for/ sitting fees paid to Non-Executive Directors for the year ended 31 March 2022 are as follows:

TABLE 4

(Amount in ₹)

Name of the Directors	Commission*	Sitting fees	Total
Mr. L Ramkumar	500,000	180,000	680,000
Mr. J Balamurugan	500,000	300,000	800,000
Ms. Soundara Kumar	500,000	280,000	780,000
Mr. S K Sundararaman	500,000	200,000	700,000
Mr.Krishna Samaraj	500,000	80,000	580,000
Mr. M A M Arunachalam	500,000	80,000	580,000
Mr. Mukesh Ahuja*	219,178	40,000	259,178
Total	**3,219,178**	**1,160,000**	**4,379,178**

*Provisional and will be paid after the adoption of accounts by the Shareholders at the Annual General Meeting

(F) Composition of Corporate Social Responsibility Committee and Attendance

The Committee met twice during the financial year ended 31 March 2022. The date of meeting was 21 July 2021 and 3 February 2022.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	Ms. Soundara Kumar, Chairperson	2(2)
2	Mr. L Ramkumar	1(2)
3	Mr. S K Sundararaman	1(2)

(G) Composition of Stakeholders Relationship Committee and Attendance

The Committee met once during the financial year ended 31 March 2022. The date of meeting was 22 March 2022. The composition of the Stakeholders Relationship Committee and the attendances at the meetings are as follows:

TABLE 6

Sl. No.	Name of Members	No. of Meetings Attended (No. of meeting held)
1	Mr. L Ramkumar, Chairman	1(1)
2	Mr. J Balamurugan	1(1)
3	Ms. Soundara Kumar	1(1)

(H) Composition of Risk Management Committee and Attendance

The Committee met twice during the financial year ended 31 March 2022. The date of meeting was 22 October 2021 and 22 March 2022.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 Members	No. of Meetings Attended (No. of meeting held)
1	Mr. J Balamurugan, Chairman	2(2)
2	Ms. Soundara Kumar	2(2)
3	Mr. M Karunakaran	2(2)

On behalf of the Board

L Ramkumar
Chairman
DIN-00090089

Coimbatore
7 May 2022

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 – 641005 (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 2022 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.

S. No	DIN	Name of the Director	Designation	Date of Appointment
1.	00090089	L Ramkumar	Non-Executive - Chairman	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 - Non Independent Director	10/02/2021
7.	09004843	Muthusamy Karunakaran	CEO & Whole-time Director	10/02/2021
8.	09364667	Mukesh Ahuja	Non Executive - Non Independent Director - Additional 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.

Place : Chennai
Date : 7 May 2022

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

CS R. SRIDHARAN
CP No. 3239
FCS No. 4775
PR NO. 657/2020
UIN : S2003TN063400
UDIN: F004775D000264199

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF SHANTHI GEARS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated October 1, 2021.

2. We, Deloitte Haskins & Sells, Chennai, Chartered Accountants, the Statutory Auditors of Shanthi Gears Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) and paras C and D of Schedule V of The Listing Regulations during the year ended 31 March 2022.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Krishna Prakash E
Partner
Membership No. 216015
(UDIN:22216015ALUSED3480)

Coimbatore
7 May 2022

GENERAL SHAREHOLDER INFORMATION

Company Registration

The Corporate Identity Number (CIN) of the Company is L29130TZ1972PLC000649

Registered Office 304-A, Trichy Road, Singanallur, Coimbatore-641005, Tamil Nadu

Annual General Meeting

Day : Monday
Date : 25 July 2022
Time : 4.00 P.M.
Venue : Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

Tentative Calendar for 2022-23

Annual General Meeting	:	25 July 2022
Results for the Quarter Ending 30 June 2022	:	25 July 2022
Results for the Quarter Ending 30 September 2022	:	October/ November, 2022
Results for the Quarter Ending 31 December 2022	:	January/February 2023
Results for the Year Ending 31 March 2023	:	April/May 2023

Book Closure Date : 16 July 2022 to 25 July 2022 (Both days inclusive)

Dividend

During the financial year, in March 2022, the Company paid an interim dividend of ₹2.5/ per equity share. This may be treated as final dividend.

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
2015-16 (Interim)	27.01.2016	03.03.2023
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

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 2014-15 have been transferred to the IE&P Fund.

In terms of the circular dated 10 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.*, S.K.D.C. Consultants Limited, ("Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028) ("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.

Name and Address of Stock Exchanges

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

Listing on Stock Exchanges and Stock Code

National Stock Exchange of India Ltd ("NSE'): **SHANTIGEAR**

Bombay Stock Exchange Ltd ('BSE Ltd'): **522034**

ISIN Number in NSDL & CDSL for equity shares: **INE 631A01022**

The Company has paid annual listing fees for the financial year 2022-2023 in respect of the above stock exchanges.

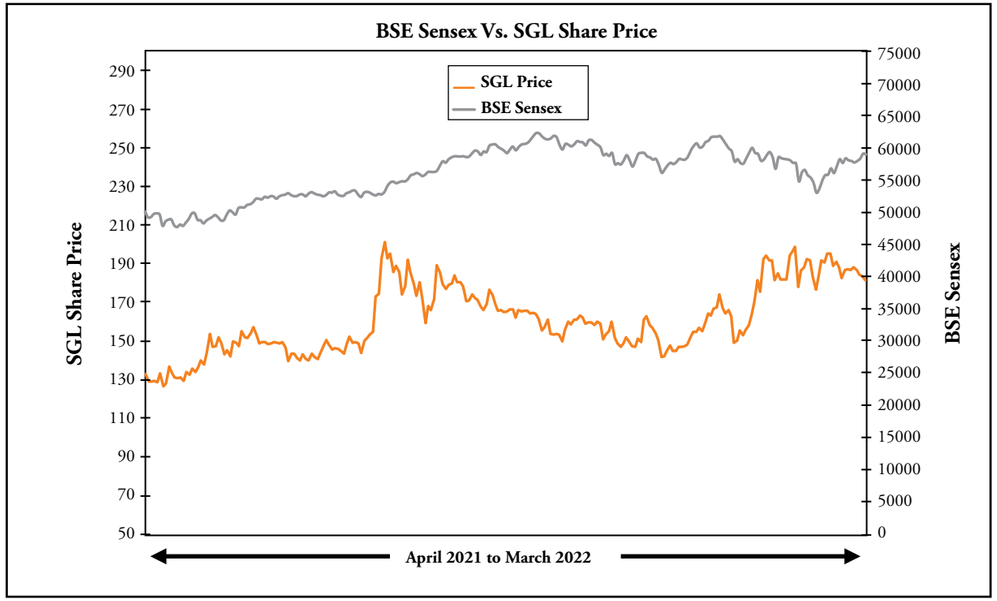
Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2021-22 are as follows:

Month	NSE		BSE	
	High (₹) Price	Low (₹) Price	High (₹) Price	Low (₹) Price
April-2021	144.80	124.50	142.00	124.85
May-2021	162.45	135.00	162.15	132.05
June-2021	156.05	137.15	155.05	135.30
July-2021	204.00	142.15	204.00	142.15
August-2021	211.35	156.50	211.20	156.30
September-2021	185.40	162.25	185.00	160.00
October-2021	170.85	148.00	170.95	147.50
November-2021	164.95	131.00	164.60	143.50
December-2021	164.90	140.25	164.60	140.00
January-2022	177.00	144.85	176.65	144.45
February-2022	205.60	152.85	205.35	153.00
March-2022	209.90	175.00	209.05	175.20

Performance in comparison to broad based indices

Shanthi Gears Limited Share Performance (April 2021 to March 2022)



Share Transfer System

The Company's Shares are in the Compulsory Demat List and are transferable through Depository system. Both dematerialisation requests and physical share transfers are handled by S.K.D.C. Consultants Limited.

The Share transfers which are received in physical form are processed and the Share Certificates are returned within 15 days from the date of receipt, subject to the Documents being valid and complete in all respects.

Registrar and Share Transfer Agents

S.K.D.C. CONSULTANTS LIMITED,
(a Subsidiary of Link Intime India Pvt Ltd)
"Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,
Coimbatore – 641028, 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 31 March 2022

Sl No.	Category	No. of Shares	%
1	Promoters	5,40,63,189	70.47
2	Mutual Funds,Banks,Financial Institutions,Insurance Companies	6,23,362	0.81
3	Alternate Investment Funds	50,000	0.07
4	NRI's/OCB's	3,97,241	0.52
5	Foreign Portfolio Investors	22,27,440	2.90
6	Foreign Financial Institutions / Foreign Bank	3,000	0.00
7	Foreign Corporate Bodies	793	0.00
8	Private Corporate Bodies	27,54,595	3.59
9	Indian Public	1,60,10,553	20.87
10	IEPF Authority	3,60,150	0.47
11	Unclaimed Share Suspense Account	2,25,530	0.30
	Total	**7,67,15,853**	**100**

Distribution of Shareholding as on 31 March 2022

No.of shares held	No. of Shareholder	% Shareholders	No. of Shares	% of Shares
1 to 500	17,661	84.10	19,19,680	2.50
501 to 1000	1,353	6.44	11,39,313	1.49
1001 to 2000	826	3.93	13,34,968	1.74
2001 to 3000	369	1.76	9,62,946	1.26
3001 to 4000	209	1.00	7,77,542	1.01
4001 to 5000	151	0.72	7,24,019	0.94
5001 to 10000	267	1.27	18,53,109	2.42
10001 and above	163	0.78	6,80,04,276	88.64
Total	**20,999**	**100**	**7,67,15,853**	**100**

Dematerialisation of Shares and Liquidity

As on 31 March 2022, 7,59,44,970 shares were in dematerialised form representing 98.9951% of total shares.

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

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

Credit Rating

The Company has obtained the following credit rating from ICRA

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

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

Location and time of Last Three Annual General Meetings held are given below

Financial Year Ending	Date	Time	Venue
31.03.2019	23.07.2019	4.00 P.M.	Jenneys Residency, 2/2 Avinashi Road Opposite to CIT, Civil Aerodrome Post, Peelamedu, Coimbatore-641014
31.03.2020	21.07.2020	4.00 P.M.	Video Conferencing
31.03.2021	21.07.2021	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
23.07.2019	Yes	Re-appointment of Mr. J Balamurugan as an Independent Director
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

Resolution passed by Postal Ballot

There was no resolution passed by Postal Ballot during the Financial year 2021-22

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 01.04.2021	161	2,33,770
2	Number of Shareholder who approached the Company for transfer of their shares from Unclaimed Suspense Account during 01.04.2021 to 31.03.2022	2	8,240
3	Number of Shareholder to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2021 to 31.03.2022	2	8,240
4	Shares relating to unclaimed dividend for 7 years transferred to Investors Education & Protection Fund account during the year 01.04.2021 to 31.03.2022	-	-
5	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2022	159	2,25,530

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 ₹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 31 March 2022 shall remain frozen till the rightful owner of such share claims the share. On receipt of the claim, the Company will, after verification, arrange to credit the equity shares to the demat account of the shareholder concerned or deliver the Share Certificate to the shareholder in physical mode after re-materialisation.

Plant Locations

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

B Unit : 304-F, Trichy Road, Singanalllur, Coimbatore-641 005

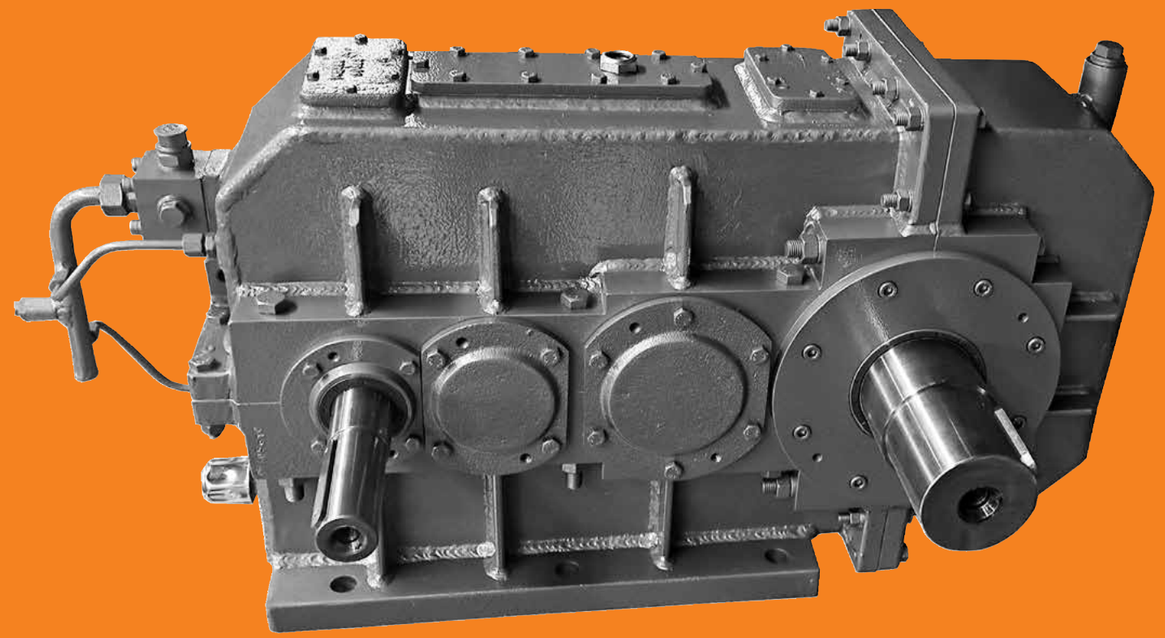
C Unit : Avinashi Road, Muthugoundenpudur (PO), Coimbatore-641 406

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

Foundry Division : Kannampalayam, Sulur via, Coimbatore - 641 402

Contact Address

Compliance Officer	For all matters relating to investors Services
Mr. C Subramaniam Company Secretary Shanthi Gears Limited, 304-A, Trichy Road Singanallur, Coimbatore – 641 005. Tel : (0422) 4545745 Fax : (0422) 4545700 Email : cs@shanthigears.murugappa.com	**S.K.D.C. CONSULTANTS LIMITED** "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 Phone: (0422)4958995,2539835/ 836 Fax: (0422) 2539837 Email: info@skdc-consultants.com Website: www.skdc-consultants.com



Independent Auditors' Report

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 2022, 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, 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 specified under section 143(10) of the Act (SAs). 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.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Valuation of inventory work in progress** 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.	**Principal audit procedures** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: • 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. • 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 preparation of other information. The other information comprises the information included in the Board's Report & Management Discussion and 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.

Management's Responsibility 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Flows 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 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

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

g) With respect to the other matters to be included in the Auditor's Report in accordance with 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;

ii. The Company did not have any long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in Note 40(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 Note 40(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

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.

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: 22216015AIOCPF9474)

Coimbatore
7 May 2022

Report on Internal Financial Controls Over Financial Reporting

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 Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Shanthi Gears Limited ("the Company") as of 31 March 2022 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the criteria for internal financial control over financial reporting 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: 22216015AIOCPF9474)

Coimbatore
7 May 2022

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 2022 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 intransit, 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:

(₹ in 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)	0.02	-

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 Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, Cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

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 2022 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 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount unpaid (Rs. In Crores)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
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	
Income Tax Act, 1961	Income tax demand payable	4.57	Assessment year 2018-19	Jurisdictional Assessing Officer	

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.

x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or 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 2021 to 31 December 2021 and the final internal audit report were issued after the balance sheet date covering the period from 1 January 2022 to 31 March 2022 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: 22216015AIOCPF9474)

Coimbatore
7 May 2022

BALANCE SHEET AS AT 31 MARCH 2022

(₹ Crores)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	4a	58.49	66.40
(b) Capital work-in-progress	4c	3.19	0.03
(c) Investment property	5	7.25	7.51
(d) Other Intangible assets	4b	0.22	0.11
(e) Financial assets			
(i) Investments	6a	22.21	27.67
(ii) Other financial assets	6b	3.97	4.12
(f) Deferred tax assets (net)	7a	1.61	2.47
(g) Other non-current assets	8	4.95	4.58
Total non-current assets		**101.89**	**112.89**
2 Current Assets			
(a) Inventories	9	64.13	78.14
(b) Financial assets			
(i) Investments	10a	27.92	19.18
(ii) Trade receivables	10b	72.27	47.32
(iii) Cash and cash equivalents	10c	1.32	1.97
(iv) Bank balances other than (iii) above	10d	66.04	54.29
(v) Other financial assets	10e	2.51	2.86
(c) Current Tax Assets	7b	0.26	0.09
(d) Other current assets	11	4.42	8.68
Total current assets		**238.87**	**212.53**
TOTAL ASSETS		**340.76**	**325.42**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	7.67	7.67
(b) Other Equity	13	252.29	229.46
Total Equity		**259.96**	**237.13**
1 Non-current liabilities			
(a) Provisions	14	0.16	0.16
(b) Other non current liabilities	15	0.69	2.32
Total Non-current liabilities		**0.85**	**2.48**
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	16a	0.43	1.46
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		43.64	53.25
(ii) Other financial liabilities	16b	0.88	0.78
(b) Other current liabilities	17	33.97	29.94
(c) Provisions	18	1.03	0.38
Total Current liabilities		**79.95**	**85.81**
Total Liabilities		**80.80**	**88.29**
TOTAL EQUITY AND LIABILITIES		**340.76**	**325.42**

See accompanying notes forming part of the Financial Statements

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

Krishna Prakash E
Partner

Place : Coimbatore
Date : 7 May 2022

For and on behalf of the Board of Directors

M. Karunakaran
Whole-time Director
(DIN: 09004843)

Ranjan Kumar Pati
Chief Financial Officer

L.Ramkumar
Chairman
(DIN: 00090089)

C.Subramaniam
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(₹ Crores)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from Contracts with Customers			
I. Revenue from Operations	19	337.07	215.53
II. Other Income	20	9.05	8.28
Total Income		**346.12**	**223.81**
III. Expenses			
(a) Cost of Materials Consumed	21	162.17	107.65
(b) Changes in inventories of finished goods and work-in-progress	22	4.42	(4.12)
(c) Employee benefits expense	23	56.91	46.14
(d) Depreciation and amortisation expense	24	10.37	8.86
(e) Other expense	25	53.52	39.21
Total Expenses		**287.39**	**197.74**
IV. Profit Before Tax (I+II-III)		**58.73**	**26.07**
V. Tax expense:			
(1) Current Tax	26	15.27	4.41
(2) Adjustment of tax relating to earlier years		-	(0.24)
(3) Deferred Tax	7a	0.99	1.73
		16.26	**5.90**
VI. Profit for the year (IV-V)		**42.47**	**20.17**
VII. Other Comprehensive Income			
(A) 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	(0.59)	(0.23)
(ii) Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods	27	0.13	0.07
Comprehensive Income/(Loss) for the Year, Net of Tax (i + ii)		(0.46)	(0.16)
VIII. Total Comprehensive Income for the Year (VI + VII)		**42.01**	**20.01**
Earnings Per Equity Share of ₹1/- each	28		
Basic (in ₹)		5.54	2.63
Diluted (in ₹)		5.54	2.63

See accompanying notes forming part of the Financial Statements

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

Krishna Prakash E
Partner

Place : Coimbatore
Date : 7 May 2022

For and on behalf of the Board of Directors

M. Karunakaran
Whole-time Director
(DIN: 09004843)

Ranjan Kumar Pati
Chief Financial Officer

L.Ramkumar
Chairman
(DIN: 00090089)

C.Subramaniam
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2022

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash Flow from Operating Activities:		
Profit after tax	**42.47**	**20.17**
Adjustments for:		
Depreciation on Property, Plant and Equipment	10.26	8.74
Depreciation on Investment Properties	0.12	0.12
Income Tax Expense	16.26	5.90
Gain on disposal of Property, Plant and Equipment	(0.13)	(0.20)
Net gain arising of financial assets measured at fair value through profit or loss	(0.49)	(0.40)
Net Foreign Exchange differences	(0.05)	-
Interest income	(3.02)	(2.14)
Dividend Income from Tax Free Bonds	(1.76)	(2.05)
Government Grant	(1.63)	-
Provision for doubtful trade receivable	0.09	(0.82)
Provision for Inventory	1.16	-
Dividend income	-	(0.98)
Operating Profit before Working Capital / Other Changes	**63.28**	**28.34**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	14.01	(17.30)
Trade receivables	(24.97)	(9.13)
Other financial assets	1.27	(1.18)
Other current assets	4.09	(0.26)
Other non-current assets	(0.23)	0.72
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(10.66)	24.59
Other financial liabilities	0.10	-
Other current liabilities	4.03	8.56
Other long-term liabilities	(1.63)	0.94
Provisions	0.65	(0.06)
Cash Generated From Operations	**49.93**	**35.22**
Income Tax paid (net of refunds)	(14.92)	(4.50)
Net cash generated by operating activities (A)	**35.01**	**30.72**
B. Cash Flow from Investing Activities:		
Capital expenditure (including capital work In progress and capital advances)	(5.66)	(15.40)
Proceeds from sale of property, plant and equipment	0.18	0.24
Proceeds from non current investments	5.46	-
(Purchase)/Sale of Current Investments, Net	(20.38)	(9.40)
Interest income received	2.16	3.23
Dividend received	1.76	3.03
Net Cash Used in Investing Activities	**(16.48)**	**(18.30)**
C. Cash Flow from Financing Activities:		
Dividends paid on equity shares	(19.18)	(11.51)
Net Cash Used in Financing Activities	**(19.18)**	**(11.51)**
Net Increase in Cash and Cash Equivalents [A+B+C]	**(0.65)**	**0.91**
Cash and Cash Equivalents at the beginning of the Year	**1.97**	**1.06**
Cash and Cash Equivalents as at End of the Year	**1.32**	**1.97**

See accompanying notes forming part of the Financial Statements

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Krishna Prakash E
Partner

M. Karunakaran
Whole-time Director
(DIN: 09004843)

L.Ramkumar
Chairman
(DIN: 00090089)

Place : Coimbatore
Date : 7 May 2022

Ranjan Kumar Pati
Chief Financial Officer

C.Subramaniam
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

a. Equity Share Capital

(₹ Crores)

Particulars	No. of shares	Amount
As at 31 March 2021		
Equity shares of ₹1 each issued, subscribed and fully paid	76,715,853	7.67
Issue of share capital (Refer Note 12)	-	-
Equity shares of ₹1 each issued, subscribed and fully paid	76,715,853	7.67
Issue of share capital (Refer Note 12)	-	-
As at 31 March 2022	**76,715,853**	**7.67**

Issue of share capital (Refer Note 12)

b. Other Equity

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)	FVTOCI Reserve (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**

For the year ended 31 March 2021

(₹ Crores)

Particulars	Reserves & Surplus			Items of OCI	Total Other Equity
	Retained Earnings (Note 13)	Capital Reserve (Note 13)	General Reserve (Note 13)	FVTOCI Reserve (Note 13)	
As at 1 April 2020	**16.23**	**0.52**	**204.29**	**(0.09)**	**220.95**
Profit for the Year	20.17	-	-	-	20.17
Other comprehensive income for the Year (Note 27)	-	-	-	(0.15)	(0.15)
Total Comprehensive Income	**20.17**	**-**	**-**	**(0.15)**	**20.02**
Dividends	(11.51)	-	-	-	(11.51)
As at 31 March 2021	**24.89**	**0.52**	**204.29**	**(0.24)**	**229.46**

See accompanying notes forming part of the Financial Statements

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Krishna Prakash E
Partner

M. Karunakaran
Whole-time Director
(DIN: 09004843)

L.Ramkumar
Chairman
(DIN: 00090089)

Place : Coimbatore
Date : 7 May 2022

Ranjan Kumar Pati
Chief Financial Officer

C.Subramaniam
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 7 May 2022.

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.

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;

a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) It is held primarily for the purpose of being traded;
c) It is expected to be realized within twelve months after the reporting date; or
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;

a) It is expected to be settled in the Company's normal operating cycle;
b) It is held primarily for the purpose of being traded;
c) It is due to be settled within twelve months after the reporting date; or
d) 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:

a) In the principal market for the asset or liability, or
b) 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:

a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
c) 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.

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.

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-progress 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 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 is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. 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 and 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.

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.

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 Equipment (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 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 none 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, transaction costs that are attributable to the acquisition of the financial asset.

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.

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.

NOTES TO FINANCIAL STATEMENTS

4a - Property, Plant and Equipment

(₹ Crores)

Particulars	Gross Block at Cost				Accumulation Depreciation				Net Block	
	As at 1 April 2021	Reclassification	Additions	Deletions	As at 31 March 2022	As at 1 April 2021	Reclassification	For the year	Deletions	As at 31 March 2022	As at 31 March 2021
Land (Freehold)	2.86	-	-	-	2.86	-	-	-	-	-	2.86
	(2.86)	-	-	-	(2.86)	-	-	-	-	-	(2.86)
Buildings	23.41	-	-	-	23.41	5.49	0.14	1.03	-	6.38	17.03
	(24.40)	(1.14)	(0.15)	-	(23.41)	(5.23)	(0.77)	(1.03)	-	(5.49)	(17.92)
Plant & Machinery	98.38	-	0.98	1.62	97.74	54.61	-	7.88	1.61	60.88	36.86
	(77.25)	-	(21.86)	(0.73)	(98.38)	(49.06)	-	(6.28)	(0.73)	(54.61)	(43.77)
Office Equipment	4.93	-	0.95	-	5.88	3.48	-	1.00	-	4.48	1.40
	(3.80)	-	(1.13)	-	(4.93)	(2.60)	-	(0.88)	-	(3.48)	(1.45)
Furniture & Fixtures	1.77	-	0.03	-	1.80	1.64	-	0.07	-	1.71	0.09
	(1.76)	-	(0.01)	-	(1.77)	(1.54)	-	(0.10)	-	(1.64)	(0.13)
Vehicles	0.82	-	0.19	0.18	0.83	0.55	-	0.17	0.14	0.58	0.25
	(0.89)	-	-	(0.07)	(0.82)	(0.35)	-	(0.23)	(0.03)	(0.55)	(0.27)
TOTAL	**132.17**	**-**	**2.15**	**1.80**	**132.52**	**65.77**	**(0.14)**	**10.15**	**1.75**	**74.03**	**58.49**
Previous Year	(110.96)	(1.14)	(23.15)	(0.80)	(132.17)	(58.78)	(0.77)	(8.52)	(0.76)	(65.77)	(66.40)
											(52.18)

Previous year figures are given in brackets.

4b - Other Intangible Assets

(₹ Crores)

Particulars	Gross Block at Cost				Accumulation Depreciation				Net Block	
	As at 1 April 2021	Reclassification	Additions	Deletions	As at 31 March 2022	As at 1 April 2021	Reclassification	For the year	Deletions	As at 31 March 2022	As at 31 March 2021
Computer Sofware	1.79	-	0.21	-	2.00	1.68	-	0.10	-	1.78	0.22
	(1.79)	-	-	-	(1.79)	(1.46)	-	(0.22)	-	(1.68)	(0.11)
TOTAL	**1.79**	**-**	**0.21**	**-**	**2.00**	**1.68**	**-**	**0.10**	**-**	**1.78**	**0.22**
Previous Year	(1.79)	-	-	-	(1.79)	(1.46)	-	(0.22)	-	(1.68)	(0.11)
											(0.33)

Previous year figures are given in brackets.

NOTES TO FINANCIAL STATEMENTS

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

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Balance as at the beginning of the period	0.03	6.37
CWIP Addition/ Capitalised during the period	3.16	(6.34)
Closing Balance as at the end of the period	**3.19**	**0.03**

CWIP ageing Schedule

Particulars	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	31 March 2022	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	31 March 2021
Projects in progress	3.16	0.03			3.19	0.03				0.03
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	**3.16**	**0.03**	**-**	**-**	**3.19**	**0.03**	**-**	**-**	**-**	**0.03**

There are no overdue projects as on 31-Mar-2022

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 2022	As at 31 March 2021
Opening Balance as at beginning of the period	8.84	7.70
Addition/deletion transferred from PPE during the year	-	1.14
Closing Balance as at end of the period	**8.84**	**8.84**
Depreciation and Impairment		
Opening Balance as at beginning of the period	1.33	0.44
Accumulated Depreciation - Transferred from Property, Plant and Equipment	-	0.77
Reclassification	0.14	-
Depreciation during the year	0.12	0.12
Closing Balance as at end of the period	**1.59**	**1.33**
Net Block as at the end of the year	**7.25**	**7.51**

Information regarding income and expenditure of Investment property

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Rental Income derived from Investment Properties	1.64	1.56
Profit arising from investment properties before depreciation and indirect expenses	**1.64**	**1.56**
Less: Depreciation	(0.12)	(0.12)
Profit arising from investment properties before indirect expenses	**1.52**	**1.44**

NOTES TO FINANCIAL STATEMENTS

The Company's investment property consists of the property in Coimbatore and Mumbai which have been let out on rent As on 31 March 2022, the fair value of the property is ₹36.36 Crores (Previous year ₹36.24 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

Non-Current Investments (At amortised cost)

Particulars	Nominal Value per unit (₹)	Number of Units		Value (₹ Crores)	
		As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Investments at Amortised Cost:					
Investments in Tax Free Bonds - Quoted					
PFC Tax Free Bonds	1,000	2,567	12,567	0.26	1.31
IRFC Tax Free Bonds	1,000	36,783	36,783	3.95	3.96
NHAI Bonds 2015 Escrow A/c	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	41,442	1.87	4.28
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
NTPC Tax Free Bonds	1,000	17,735	17,735	1.99	1.99
NHPC Ltd Tax Free Bonds	1,000	800	800	0.09	0.09
SBI - Perpetual Bonds	-	-	20	-	1.99
Total				**22.21**	**27.67**
Aggregate amount of Quoted Investments				22.21	27.67
Aggregate amount of Unquoted Investments				-	-
Aggregate amount of impairment in value of Investments				-	-

6b. Other Financial assets

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Security Deposit	2.94	3.09
Receivable from Sale of Surplus Energy	1.03	1.03
Total	**3.97**	**4.12**

7(a). Deferred Tax Assets & Liabilities (Net)

(₹ Crores)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Deferred Tax Liabilities				
Difference between depreciation as per books of account and the Income Tax Act, 1961	(1.45)	(0.39)	(1.06)	(1.56)
Deferred Tax Liabilities - A	**(1.45)**	**(0.39)**	**(1.06)**	**(1.56)**
Deferred Tax Assets				
Provision for Doubtful / Impairment on Receivables	0.58	0.65	(0.06)	(0.24)

(₹ Crores)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Provision for Employee Benefits	0.76	0.77	(0.02)	0.03
FVTPL financial Asset	-	(0.05)	0.05	(0.00)
Defined Benefit obligation through OCI	0.24	0.11	0.13	0.07
Others (Provision for inventories)	1.48	1.38	0.10	0.04
Deferred Tax Assets - B	**3.06**	**2.86**	**0.20**	**(0.10)**
Net Deferred Tax Assets (A+B)	**1.61**	**2.47**	**(0.86)**	**(1.66)**

Reconciliation of Deferred Tax Asset (Net)

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	2.47	4.13
Tax Expense during the year recognised in Statement of Profit and Loss	(0.99)	(1.73)
Tax (income)/Expense during the year recognised in OCI	0.13	0.07
Closing balance	**1.61**	**2.47**

7(b) Current Tax Asset (Net)

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance Income Tax(Including TDS)-(A)	15.53	4.50
Provision for Income tax-(B)	15.27	4.41
Net Current Tax Assets (A-B)	**0.26**	**0.09**

8. Other non-current assets

(Considered Good, Unsecured unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital Advances		
- Unsecured		
Considered Good	0.63	0.49
Considered Doubtful	0.18	0.18
	0.81	**0.67**
Less: Provision for credit impaired advances	(0.18)	(0.18)
	0.63	**0.49**
Rental Advance	0.31	0.17
Advance income tax (Net of provisions)	4.01	3.92
Total	**4.95**	**4.58**

NOTES TO FINANCIAL STATEMENTS

9. Inventories

Lower of Cost (Net of Allowances) and estimated Net Realisable Value (₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw Materials#	24.72	34.62
Work-in-Progress	36.40	37.41
Finished Goods	2.13	5.54
Stores and Spare Parts	0.88	0.57
Total	**64.13**	**78.14**

The cost of inventories recognised as an expense during the year was ₹162.17 Crores (Previous year : ₹107.65 Crores)
#Include goods in transit- : ₹1.91 Crores (Previous year : ₹1.06 Crores)

10a. Current Investments

(₹ Crores)

Particulars	Nominal Value	As at 31 March 2022		As at 31 March 2021	
		Number of Units	Value	Number of Units	Value
Investments in Mutual Funds					
UTI Fixed Term Income Fund Series XXVIII - III - Direct Growth Plan	10	-	-	50,00,000	6.03
UTI Overnight Fund-Direct Plan Growth	-	33,098	9.63	18,090	5.10
SBI - Overnight Fund-Direct Growth	-	24,983	8.65	10,389	3.48
HDFC - Overnight Fund-Direct Plan Growth Option	-	30,522	9.64	14,930	4.57
Total			**27.92**		**19.18**
Aggregate amount of Quoted Investments			**27.92**		**19.18**
Aggregate amount of Unquoted Investments			-		-
Aggregate amount of impairment in value of Investments			-		-

10b. Trade Receivables

(Unsecured)

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Considered Good	73.00	47.75
Provision for credit impaired Trade receivables	(0.88)	(0.73)
	72.12	**47.02**
Trade Receivables which have significant increase in credit Risk	0.16	0.17
Provision for credit impaired Trade receivables	(0.01)	(0.01)
	0.15	**0.16**
Trade Receivables - credit impaired	0.73	0.93
Provision for credit impaired Trade receivables	(0.73)	(0.79)
	-	**0.14**
Total	**72.27**	**47.32**

Breakup of Trade Receivable

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
- From Related Parties	1.44	0.59
-From Others	70.83	46.73
Total	**72.27**	**47.32**

NOTES TO FINANCIAL STATEMENTS

Reconciliation of Provision / Impairment for Receivables

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening Balance as at beginning of the year	1.53	2.35
Created during the year	0.09	-
Reversed during the year	-	(0.82)
Closing Balance as at end of the year	**1.62**	**1.53**

Trade receivables Ageing Schedule as on 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 Ageing Schedule as on 31 March 2021

(₹ 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	27.73	19.10	0.20	0.43	0.06	0.04	47.56
Undisputed trade Receivables – which have significant increase in credit risk	-	-	-	0.01	0.06	0.09	0.16
Undisputed trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade Receivables – considered good	-	0.07	0.07	-	-	0.05	0.19
Disputed trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.01	0.01
Disputed trade Receivables – credit impaired	-	-	0.09	0.10	0.09	0.65	0.93
Total	**27.73**	**19.17**	**0.36**	**0.54**	**0.21**	**0.84**	**48.85**

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.

NOTES TO FINANCIAL STATEMENTS

10c. Cash and Cash Equivalents

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with Banks in Current Account	1.32	1.97
Cash on Hand*	-	-
Total	**1.32**	**1.97**
Total Cash and Cash Equivalents as per Statement of Cash Flow	**1.32**	**1.97**

* Represents Nil (Previous year ₹28,506) and amount is below the rounding off norms adopted by the company

10d. Bank Balance Other than Cash and Cash Equivalents

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Unpaid Dividend accounts	0.88	0.78
Balance in Fixed Deposit Accounts	65.16	53.51
Total	**66.04**	**54.29**

10e. Other Financial assets

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Accruals		
i) Interest Accrued on deposits	2.10	1.23
ii) Interest Accrued on bonds	-	0.98
(b) Other Loans And Advances		
i) Gratuity Fund with LIC (Net)	-	0.02
ii) Annual leave Fund with LIC (Net)	0.37	0.37
(c) Lease Rent Receivable	0.02	0.25
(d) Others	0.02	0.01
Total	**2.51**	**2.86**

11. Other current assets

(Considered Good, Unsecured unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Advances Recoverable		
(a) Prepaid Expenses	1.36	1.30
(b) Balances with statutory authorities	2.30	6.06
(c) Advance to suppliers	0.72	1.28
(d) Advances to Employees	0.04	0.04
Total	**4.42**	**8.68**

12. Equity Share Capital

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised Capital: 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 Equity Shares of ₹1/- each (Previous year 7,67,15,853 Shares)	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 2022		As at 31 March 2021	
	Number of Shares	Value	Number of Shares	Value
At the beginning of the year	76,715,853	7.67	76,715,853	7.67
Issue of Share Capital	-	-	-	-
At the end of the year	**76,715,853**	**7.67**	**76,715,853**	**7.67**

(ii) Details of shares held by the holding company:

Particulars	Number of Shares	
	As at 31.03.2022	As at 31 March 2021
Out of the equity shares issued by the company:		
-Tube Investments of India Limited, the holding company	54,057,475	54,057,475

(iii) Details of Shareholder(s) holding more than 5 percent of Equity Shares in the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	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	54,057,475	70.47%	54,057,475	70.47%

(iv) Each Equity Shareholder is entitled to one vote per share. The Board of Directors has proposed an interim dividend of ₹2.50 per Equity Share (Previous year - ₹1.5 per share) for the year ended 31 March 2022, subject to the approval of the shareholders at the ensuing Annual General Meeting.

(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 2022	As at 31 March 2021
Equity shares of ₹1 each bought back using securities premium and general reserves	5,000,000	5,000,000

(vi) Details of shares held by promoters

Particulars	Promoter Name	No.of Shares at the beginning of the year	Change during the year	No.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	54,057,475	-	54,057,475	70.47	-

13. Other equity

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
General Reserve	204.29	204.29
Retained Earnings	48.18	24.89
Other Comprehensive Income	(0.70)	(0.24)
Capital Redemption Reserve	0.52	0.52
Total	**252.29**	**229.46**

NOTES TO FINANCIAL STATEMENTS

General Reserve

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
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**

Retained earnings

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	24.89	16.23
Profit for the Year	42.47	20.17
Dividend paid	(19.18)	(11.51)
Balance at the end of the year	**48.18**	**24.89**

Capital Redemption Reserve

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
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 2022	As at 31 March 2021
Balance at the beginning of the year	(0.24)	(0.09)
Additions during the year	(0.46)	(0.15)
Balance at the end of the year	**(0.70)**	**(0.24)**

14. Provisions

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for warranty	0.16	0.16
Total	**0.16**	**0.16**

Provision for warranty is required based on past experience of claims received during the warranty period.

Provision for Warranty

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
At the Beginning of the year	0.16	0.16
Add: Provision created during the year	0.10	0.07
	0.26	**0.23**
Less: Utilised during the year	(0.10)	(0.07)
At the end of the year	**0.16**	**0.16**

15. Other Non Current Liabilities

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Government Grant	0.69	2.32
Total	**0.69**	**2.32**

Government Grant

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance at the beginning of the year	2.32	1.38
Received during the year	-	1.69
Released to the Statement of Profit and Loss	(1.63)	(0.75)
Closing balance at the end of the year	**0.69**	**2.32**

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 2022	As at 31 March 2021
Trade Payables		
Total Outstanding dues to micro enterprises and small enterprises (Refer Note (i) below)	0.43	1.46
Total Outstanding dues to creditors other than micro enterprises and small enterprises (Refer Note (ii) below	43.64	53.25
Total	**44.07**	**54.71**

Note

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

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Outstanding dues to micro enterprises and small enterprises and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	0.43	1.46
Interest accrued and due to suppliers under MSME Act, 2006 on the above amount*	-	0.01
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*	0.00	0.01
Interest accrued and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	-	-

* Amount is below the rounding off norms adopted by the company as at 31 March 2022

Trade payables are non-interest bearing and are normally settled within a period of 90 days

(ii) Amount payable to related parties

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Tube Investment India of India Limited	0.63	0.96
CG Power and Industrial Solutions Limited	0.27	0.19
Total	**0.90**	**1.15**

NOTES TO FINANCIAL STATEMENTS

Trade payables Ageing Schedule as on 31 March 2022 (₹ Crores)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	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**

Trade payables Ageing Schedule as on 31 March 2021 (₹ Crores)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Total Outstanding dues to micro enterprises and small enterprises	2.81	1.44	0.02	-	-	4.27
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	31.51	18.85	0.07	-	0.01	50.44
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-		-	-	-	-
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-		-	-	-	-
Total	**34.32**	**20.29**	**0.09**	**-**	**0.01**	**54.71**

16b. Other Financial Liabilities (₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Unpaid Dividends *	0.88	0.78
Total	**0.88**	**0.78**

*Amounts to be credited to Investor Education and Protection Fund towards Unpaid Dividends ₹0.04 Crores (Previous year : ₹0.04 Crore)

17. Other current liabilities (₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory Liabilities	4.19	6.21
Contract Liability		
Advances from Customers	27.32	21.49
Others (Security deposits received)	2.46	2.24
Total	**33.97**	**29.94**

NOTES TO FINANCIAL STATEMENTS

18. Provisions (₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for Compensated Absences	0.04	0.38
Provision for Gratuity	0.99	-
Total	**1.03**	**0.38**

19. Revenue from Operations (₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from Contract with Customers		
Sale of Products	324.52	207.79
Sale of Services	5.37	2.66
Revenue from Contract with Customers (A)	**329.89**	**210.45**
Other Operating Revenue		
Scrap Sales	6.65	4.70
Export Benefits	0.53	0.38
Other Operating Revenue (B)	**7.18**	**5.08**
Total (A+B)	**337.07**	**215.53**

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

The Company disaggregates revenue geography as below

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
India	313.46	199.56
America	9.74	6.51
Europe	4.66	3.26
Others	9.21	6.19
Total	**337.07**	**215.53**

20. Other Income (₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Interest Income from Tax Free Bonds	1.76	2.05
(b) Dividend Income from Current Investments	-	0.98
(c) Net gain arising on financial assets designated as at FVTPL	0.49	0.40
(d) Other Non-Operating Income		
Rental Income	1.64	1.56
Gain on disposal of property, plant and equipment	0.13	0.20
Net gain on foreign currency transactions and translations	0.14	0.16
Miscellaneous Income	0.24	0.04
(e) Interest Income on		
Fixed Deposits with Banks	2.94	1.85
Others	0.08	0.29
(f) Government Grants	1.63	0.75
Total	**9.05**	**8.28**

NOTES TO FINANCIAL STATEMENTS

21. Cost of material consumed

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Stock	34.62	21.25
Purchases	152.27	121.02
Closing Stock	(24.72)	(34.62)
Total	**162.17**	**107.65**

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

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Inventories at end of the year		
Work-in-Progress	36.40	37.41
Finished Goods	2.13	5.54
	38.53	**42.95**
Inventories at beginning of the year		
Work-in-Progress	37.41	36.15
Finished Goods	5.54	2.68
	42.95	**38.83**
Net Decrease/(Increase)		
Work-in-Progress	1.01	(1.26)
Finished Goods	3.41	(2.86)
Total	**4.42**	**(4.12)**

23. Employee Benefit Expense

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, Wages and Bonus	50.11	41.51
Contribution to Provident and Other Funds	2.60	2.35
Staff Welfare Expenses	4.20	2.28
Total	**56.91**	**46.14**

24. Depreciation and amortization expense

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of Property, Plant and Equipment (Refer Note 4a)	10.15	8.52
Depreciation of Investment properties (Refer Note 5)	0.12	0.12
Amortisation of Intangible Assets (Refer Note 4b)	0.10	0.22
Total	**10.37**	**8.86**

25. Other Expense

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of Stores and Spares	3.98	2.42
Subcontracting Charges	13.56	8.64
Power and Fuel	8.65	6.30
Rent (Net of recoveries)	0.33	0.25
Repairs and Maintenance - Building	1.33	0.87
Repairs and Maintenance - Machinery	7.14	6.60
Repairs and Maintenance - Others	1.08	0.96

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Other maintenance expenses	1.82	1.45
Insurance	0.62	0.53
Rates and Taxes	0.51	0.47
Software Expenses	1.54	1.35
Communication	0.25	0.25
Travelling and Conveyance	0.98	0.63
Printing, Stationery and Communication	0.33	0.33
Freight, Delivery and Shipping Charges	3.04	2.80
Commission on Sales	0.49	0.36
Advertisement and Publicity	0.27	0.20
Donations and contributions*	0.00	0.00
Payments to auditors (Refer Note (i) below)	0.16	0.16
Expenditure on Corporate Social Responsibility (Refer Note (ii) below)	0.68	0.75
Professional & Consultancy charges	3.38	1.63
Service Fees	2.25	2.25
Provision for credit impaired trade receivables	0.09	(0.82)
Commission to Non Executive Directors	0.32	0.26
Directors' sitting fees	0.12	0.11
Bank Charges	0.24	0.24
Other Expenses	0.36	0.22
	53.52	**39.21**

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

Note

(i) Auditor's Remuneration

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Payment to Auditors comprise (Net of levies)		
For Statutory Audit	0.14	0.14
For Tax Audit	0.02	0.02
Total	**0.16**	**0.16**

(ii) Corporate Social Responsibility

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a) Gross amount required to be spent by the Company during the year	0.67	0.75
b) Amount spent during the year		
i) Education	0.15	0.17
ii) Others	0.53	0.58
Total	**0.68**	**0.75**
c) Shortfall at the end of the year	Nil	Nil
d) Total of previous years shortfal	Nil	Nil
e) Reason for shortfall	Nil	Nil

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
f) Nature of CSR activities	1) Education, 2) Healthcare, 3) COVID-19 relief measures	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 2022 and 31 March 2021 are:

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current Tax:		
Current Income Tax charge	15.27	4.41
Adjustments in respect of Current Income Tax of Prior Years	-	(0.24)
Deferred Tax:		
Relating to the origination and reversal of Temporary Differences	0.99	1.73
Income Tax Expense reported in the Statement of Profit and Loss	**16.26**	**5.90**

Other Comprehensive Income(OCI)

Deferred tax related to items recognised in OCI during in the year:

The income tax expense for the year can be reconciled to the accounting profit as follows:

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% (Previous year 29.12%).

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Re-measurement (Loss) on Defined Benefit Obligations	0.13	0.07
Income Tax charged to OCI	**0.13**	**0.07**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2022 and 31 March 2021:

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 2022	Year ended 31 March 2021
Accounting Profit Before Tax	58.73	26.07
Profit before income tax multiplied by standard rate of corporate tax in India of 25.168% (Previous year: 29.12%)	14.78	7.59
Effects of:		
Income - Exempt from tax	(0.44)	(0.60)
Change in Income Tax Rate	0.22	-
Benefit u/s 80IA of Income Tax Act, 1961	-	(1.08)
Differential Tax rate on Capital Gains	-	0.05
Other disallowances	1.70	0.18
Income Tax expense reported in the Statement of Profit and Loss net of Deferred Tax	**16.26**	**6.14**
Adjustments recognised in the current year in relation to completion of prior year assessement	-	(0.24)
Income Tax expense recognised in the Statement of Profit and Loss	**16.26**	**5.90**

NOTES TO FINANCIAL STATEMENTS

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 2022	Year ended 31 March 2021
Re-measurement Gain/(Loss) on Defined Benefit/Obligations (Net)	(0.59)	(0.23)
Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent year	0.13	0.07
Other Comprehensive Income for the year	**(0.46)**	**(0.16)**

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:

(₹ Crores)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Profit After Tax	42.47	20.17
Weighted average number of Equity Shares		
- Basic	76,715,853	76,715,853
- Diluted	76,715,853	76,715,853
Earnings Per Share of ₹1 each		
- Basic (in ₹)	5.54	2.63
- Diluted (in ₹)	5.54	2.63

29. 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 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.

NOTES TO FINANCIAL STATEMENTS

Property, Plant and Equipment and Investment Property

The Company has estimated the useful life of Property, Plant and equipment and Investment Property as per the useful life prescribed in Schedule II of the Companies Act 2013 except in respect of certain categories of assets as described in Note No. 3.16.

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 30.

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.

30. 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 ₹2.09 crores (Previous year ₹1.97 crores) for Provident Fund contribution, ₹0.09 crores (Previous year ₹0.10 crores) for Employee State Insurance Scheme 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 Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the Balance Sheet.

(₹ Crores)

Particulars	31 March 2022	31 March 2021
A. Change in defined benefit obligation		
1. Defined benefit obligation at beginning of year	6.03	5.92
2. Service cost		
a. Current service cost	0.39	0.35
3. Interest expenses	0.37	0.36
4. Cash flows		
a. Benefit payments from plan	(0.72)	(0.84)

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

Particulars	31 March 2022	31 March 2021
5. Remeasurements		
a. Effect of changes in financial assumptions	0.13	(0.18)
b. Effect of experience adjustments	0.48	0.42
6. Transfer In /Out	-	-
7. Defined benefit obligation at end of year	**6.68**	**6.03**

(₹ Crores)

B. Change in fair value of plan assets	31 March 2022	31 March 2021
1. Fair value of plan assets at beginning of year	6.04	5.94
2. Interest income	0.35	0.32
3. Cash flows		
a. Total employer contributions	-	0.60
b. Benefit payments from plan assets	(0.72)	(0.84)
4. Remeasurements		
a. Return on plan assets (excluding interest income)	0.02	0.01
5. Transfer In /Out	-	-
6. Fair value of plan assets at end of year	**5.69**	**6.04**

(₹ Crores)

C. Amounts recognized in the Balance Sheet	31 March 2022	31 March 2021
1. Defined benefit obligation	6.68	6.03
2. Fair value of plan assets	5.69	6.04
3. Funded status	-	-
4. Net defined benefit (liability)/asset	(0.99)	0.02

(₹ Crores)

D. Components of defined benefit cost	31 March 2022	31 March 2021
1. Service cost		
a. Current service cost	0.39	0.35
2. Net interest cost		
a. Interest expense on DBO	0.37	0.36
b. Less - Interest income on plan assets	0.35	0.32
c. Total net interest cost	0.02	0.04
3. Remeasurements (recognized in OCI)		
a. Effect of changes in financial assumptions	0.13	(0.18)
b. Effect of experience adjustments	0.48	0.42
c. Less - (Return) on plan assets (excluding interest income)	(0.02)	(0.01)
d. Total remeasurements included in OCI	0.59	0.23
4. Total defined benefit cost recognized in P&L and OCI	1.00	0.61

(₹ Crores)

E. Employer Expense (P&L)	31 March 2022	31 March 2021
a. Current Service Cost	0.39	0.35
b. Interest Cost on net DBO	0.02	0.04
Total P&L Expenses	**0.41**	**0.39**

(₹ Crores)

F. Reconciliation of OCI (Re-measurement)	31 March 2022	31 March 2021
1. Recognised in OCI during the Beginning of the year	(0.38)	(0.15)
2. Recognised in OCI during the year	(0.59)	(0.23)
Recognised in OCI at the end of the year	**(0.97)**	**(0.38)**

(₹ Crores)

G. Sensitivity analysis - DBO end of Year	31 March 2022	31 March 2021
1. Discount rate +100 basis points	(0.39)	(0.37)
2. Discount rate - 100 basis points	0.43	0.41
3. Salary Increase Rate +1%	0.44	0.42
4. Salary Increase Rate -1%	(0.40)	(0.38)
5. Attrition Rate +1%	0.03	0.04
6. Attrition Rate -1%	(0.03)	(0.04)

H. Significant actuarial assumptions	31 March 2022	31 March 2021
1. Discount rate Current Year	7.37%	6.57%
2. Salary increase rate	5%	4%
3. Attrition Rate	3%	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

I. Data	31 March 2022	31 March 2021
1. Number of Employees	532	511
2. Avg. Age (years)	44.38	44.99
3. Avg. Past Service (years)	14.47	14.59
4. Avg. Sal. Monthly (₹)	18,248	17053
5. Future Service (years) Newly added	13.62	13.01

(₹ Crores)

J. Expected cash flows for following year	31 March 2022	31 March 2021
1. Expected employer contributions / Additional. Provision Next Year	0.54	0.45
2. Expected total benefit payments		
Year 1	0.42	0.38
Year 2	0.63	0.38
Year 3	0.53	0.54
Year 4	0.56	0.45
Year 5	0.57	0.49
Next 5 years	2.46	2.23

(₹ Crores)

K. Defined benefit obligation at end of year	31 March 2022	31 March 2021
Current Obligation	0.54	0.45
Non-Current Obligation	0.45	0.17
Total	**0.99**	**0.62**

Notes:

i. 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.

ii. The expected return on Plan Assets is as furnished by LIC.

iii. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

iv. 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 2022	31 March 2021
Discount Rate	7%	7%
Future Salary Increase	5%	4%
Attrition Rate	3%	3%
Expected Rate of Return on Plan Assets	7%	7%

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.

NOTES TO FINANCIAL STATEMENTS

31. Capital Commitment and Contingencies

31a. Contingent Liabilities

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Claims against the Company not acknowledged as debts	0.55	0.55
(ii) Disputed Demand for Additional Sales Tax on Central Sales Tax pertaining to the year 1998-99. The matter is pending before the Assistant Commissioner, Fast Track Assessment Circle-I, Coimbatore. The amount has been paid under protest and writ petition is pending with Madras High Court.	-	0.01
(iii) Disputed Demand for Additional Sales Tax on Central Sales Tax pertaining to the year 1999-2000. The matter is pending before the Assistant Commissioner, Fast Track Assessment Circle-I, Coimbatore. The amount has been paid under protest and writ petition is pending with Madras High Court.	-	0.01
(iv) 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 pending before Jurisdiction Officer	1.52	1.52
(v) Disputed Income Tax Demand for financial year 2017-18	4.37	-

31b. Capital Commitment

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	2.24	1.82
(ii) Export Obligation under EPCG/Advance License scheme to be fulfilled. The Company is confident of meetings its obligation under the scheme within the stipulated period	0.69	2.32

Note:

1. Show cause Notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.
2. 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.

32. RELATED PARTY DISCLOSURE

a) List of related parties

Name of the Related Party	Relationship
Tube Investments of India Limited	Holding Company
Financiere C10 SAS	Fellow Subsidiaries
Great Cycles (Private) Ltd	
Creative Cycles (Private) Ltd	
Sedia SAS	
Sedis Co Ltd., UK	
Sedis GmbH	
CG Power and Industrial Solutions Limited	
CG Power Equipments Limited	
CG-PPI Adhesive Products Limited	
CG Power Solutions Limited	
CG Drives & Automation Netherlands BV	
CG Drives & Automation Sweden AB	
CG Electric Systems Hungary ZRT	
CG-Ganz Generator and Motor Limited Liability Company	

Name of the Related Party	Relationship
CG Industrial Holdings Sweden AB	Fellow Subsidiaries
CG International BV	
CG Middle East FZE	
CG Power Solutions UK Ltd	
CG Power Americas, LLC	
QEI, LLC	
CG Power Systems Canada Inc	
CG International Holdings Singapore PTE Ltd	
CG Sales Networks Malaysia Sdn. Bhd	
PT Crompton Prima Switchgear Indonesia	
CG Power & Industrial Solutions Middle East FZCO	
CG Drives & Automation Germany GmbH	
CG Holdings Belgium NV	
CG Power Solutions Saudi Arabia Co.	
CG Power Systems Belgium NV	
CG Sales Networks France SA	
PT. CG Power Systems Indonesia	
Mr. M Karunakaran(WTD)	Key Management Personnel (KMP)
Mr B Balamurugan, CFO till 14.08.20	
Mr Ranjan Kumar Pati, CFO from 10.02.21	
Mr C Subramaniam	
L Ramkumar	Non Executive Directors
Balamurugan J	
S K Sundararaman	
Soundara Kumar	
Krishna Samaraj	
Mr Vellayan Subbaih till 22.10.21	
M A M Arunachalam	
Mukesh Ahuja From 22.10.21	

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 2022	As at 31 March 2021
Services Fees Paid	Tube Investments of India Limited	2.25	2.25
Dividend Paid	Tube Investments of India Limited	13.50	8.11
Sales of Goods and Services rendered	Tube Investments of India Limited	0.40	0.85
	CG Power and Industrial Solutions Limited	5.06	0.50
Purchases of Goods	CG Power and Industrial Solutions Limited	0.42	0.16
Sitting Fees and Commission	Non Executive Director	0.44	0.36
Reimbursement of Expenses	Tube Investments of India Limited	0.06	0.58
Lease rent Paid	Tube Investments of India Limited	-	0.04
Manpower Charges	Tube Investments of India Limited	0.11	-
Remuneration	Key Managerial Personnel	1.31	0.98
	Director	-	0.08
Payable	Tube Investments of India Limited	0.63	0.96
	CG Power and Industrial Solutions Limited	0.27	0.19
Receivable	Tube Investments of India Limited	0.10	-
	CG Power and Industrial Solutions Limited	1.34	0.59

c) Details of remuneration to Key Managerial Personnel are given below:

(₹ Crores)

Particulars	As at 31 March 2022	As at 31 March 2021
- Salaries and Allowances	1.30	0.98
- Perquisites	0.01	0.00

33 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 segment reporting based on geographical location of customers is as follows:

(₹ Crores)

Segment Disclosure	As at 31 March 2022	As at 31 March 2021
1. Revenue by Geographic Market		
India	313.46	199.56
Rest of the World		
(i) America	9.74	6.51
(ii) Europe	4.66	3.26
(iii) Others	9.21	6.19
Total	**337.07**	**215.53**
2. Segments assets by Geographyic Market		
India	339.08	324.19
Rest of the World		
(i) America	1.32	0.17
(ii) Europe	0.13	1.01
(iii) Others	0.23	0.05
Total	**340.76**	**325.42**

34. Operating Leases

The company has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹0.33 Crores (Previous year: ₹0.25 Crores) is charged to statement of Profit and Loss. As lessor, the Company realized an income of ₹1.64 Crores (Previous year- ₹1.56 Crores) on properties under lease.

35 Details of unhedged foreign currency exposures

Particulars	Currency	As at 31 March 2022		As at 31 March 2021	
		Foreign Currency	INR (₹ in Crores)	Foreign Currency	INR (₹ in Crores)
Trade Receivables	USD	189,833	1.44	96,660	0.71
	GBP	22,437	0.22	11,734	0.12
	EURO	2,563	0.02	47,486	0.41

36 Fair Values

(₹ Crores)

Particulars	Carrying Value		Fair Value	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Financial Assets				
Non-current Investments	22.21	27.67	-	-
Current Investments	27.92	19.18	27.92	19.18
Trade Receivables	72.27	47.32	-	-
Cash and Cash Equivalents	1.32	1.97	-	-
Other Bank Balances	66.04	54.29	-	-
Other Financial Assets	2.51	2.86	-	-
Total	**192.27**	**153.29**	**27.92**	**19.18**
Financial Liabilities				
Other financial liabilities - Non-current- Other Long Term Liabilities	0.69	2.32	-	-
Trade Payables	44.07	54.71	-	-
Other financial liabilities - Current	0.88	0.78	-	-
Total	**45.64**	**57.81**	**-**	**-**

The management assessed that cash and cash equivalents, trade receivables, current investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Particulars	Level 1		Level 2		Level 3	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Financial Assets						
Current Investments	27.92	19.18	-	-	-	-
Total	27.92	19.18	-	-	-	-
Financial Liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

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.

For the year ended 31 March 2022	1 April 2021	Net Cash flows	New leases	Others	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	-

For the year ended 31 March 2021	1 April 2020	Net Cash flows	New leases	Others	31 March 2021
Non-current borrowings (including current maturities)	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Current borrowings (excluding overdraft and current maturities)	-	-	-	-	-
Dividend payable	-	(11.51)	-	11.51	-
Interest payable	-	-	-	-	-
Total liabilities from financing activities	**-**	**(11.51)**	**-**	**11.51**	**-**

37 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.

38 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	Increase/(Decrease) in PBT for change in Euro Rate	Increase/(Decrease) in PBT for change in GBP Rate
31 March 2022	Receivables	0.11	(0.01)	0.04
31 March 2021	Receivables	0.11	0.02	0.02

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 ₹142.14 Crores as at 31 March 2022 and ₹106.45 Crores as at 31 March 2021, 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 2022, the Company has 3 customers (31 March 2021: 2 customer), the receivables from whom exceeds 5% of total receivables which amounts to approximately 21% (31 March 2021: 13%) 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. (₹ Crores)

Trade Receivables	As at 31 March 2022			As at 31 March 2021		
	Gross	Provision	Net	Gross	Provision	Net
Not Due	50.20	0.05	50.15	27.73	0.03	27.71
Less than 6 months	21.13	0.41	20.72	19.17	0.34	18.83
More than 6 months	2.56	1.16	1.40	1.95	1.16	0.79
Total	**73.89**	**1.62**	**72.27**	**48.85**	**1.53**	**47.32**

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

(₹ Crores)

Contractual maturities of financial liabilities	Not Due	Less than 3 months	3 to 12 months	More than 1 year	Total
Year ended 31 March 2022					
Trade and Other Payables	36.52	6.35	0.97	0.23	44.07
Year ended 31 March 2021					
Trade and Other Payables	34.32	16.02	4.27	0.10	54.71

NOTES TO FINANCIAL STATEMENTS

39. Financial Ratios for the year ended 31 March 2022

Sl. No.	Particulars	Year Ended			Comments
		31 March 2022	31 March 2021	% Change	
(i)	Current Ratio (Current Assets / Current Liabilities)	2.99	2.48	20.6%	Quarter 4 sales of the current year is higher than the corresponding period of the previous year, resulted in increase in current assets.
(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)	4.74	3.10	52.8%	Increase in turnover resulted in holding of less inventory compared to the previous year.
(iv)	Trade Payables Turnover Ratio (Net Credit Purchases / Average Trade Payables)	3.08	2.85	8.1%	-
(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	17.1%	8.7%	97.3%	Increase in net profit with impoved business scenario.
(vii)	Trade Receivables Turnover Ratio (Turnover / Average trade receivables)	5.6	5.0	11.8%	-
(viii)	Net Capital Turnover Ratio (Net Sales / Working Capital)	2.36	1.73	36.4%	Increase in turnover due to impoved business scenario along with improved execution.
(ix)	Return on Capital Employed (PBIT / Average Capital Employed)	22.6%	11.0%	105.6%	Increase in profit with impoved business scenario.
(x)	Return on Investment (PAT/Average Capital Employed)	17.1%	8.7%	97.3%	Increase in net profit with impoved business scenario.
(xi)	Net Profit Margin (PAT / Total Sales)	12.6%	9.4%	34.6%	Increase in net profit with impoved business scenario.

40. 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.

41. The Indian Parliament approved the Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits in September 2020 and the same has received Presidential assent. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company is in the process of assessing the impact of the Code and will record any related impact in the period the Code becomes effective.

42. The financial statements were approved by the Board of Directors on 7 May 2022

For and on behalf of the Board of Directors

M. Karunakaran
Whole-time Director
(DIN: 09004843)

L.Ramkumar
Chairman
(DIN: 00090089)

Place : Coimbatore
Date : 7 May 2022

Ranjan Kumar Pati
Chief Financial Officer

C.Subramaniam
Company Secretary

Notes

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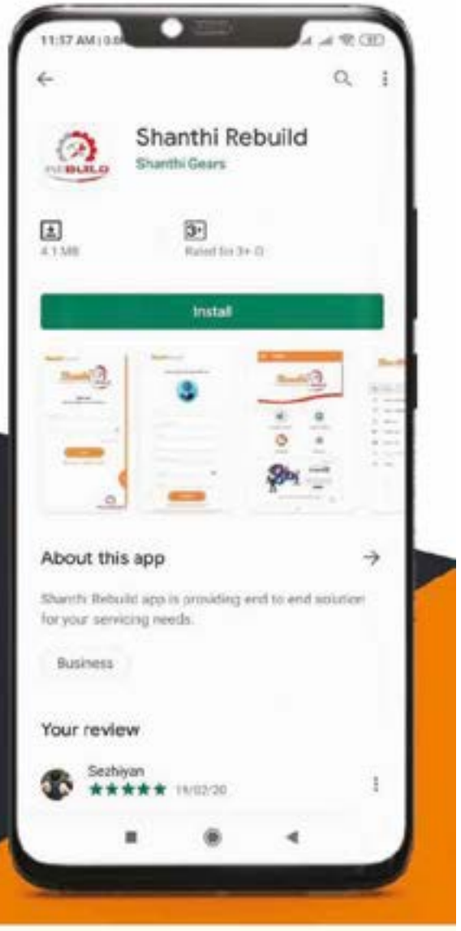

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