

**Shanthi** *Gears*

— SCALE WITH —  
**SYSTEMS &  
STRATEGY**



**Shanthi Gears Limited**  
52<sup>nd</sup> Annual Report  
Financial Year 2024-25



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# 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.

## Dear Esteemed Shareholders,

It gives me immense pleasure, on behalf of the Board of Directors, to present Shanthi Gears Limited (SGL) 52<sup>nd</sup> Annual Report for the Financial Year ended 31<sup>st</sup> March 2025 (FY 2024-25). I trust this message finds you and your loved ones in great health and high spirits.

Despite the challenges of global economic volatility, geopolitical shifts, and evolving market dynamics, Shanthi Gears has displayed remarkable resilience and continued its growth trajectory. Our relentless dedication to operational excellence, disciplined financial management, and proactive cost optimization initiatives enabled us to achieve exceptional milestones. This year, we proudly report revenues of ₹604.62 crores, with growth of 13% year-on-year, alongside a solid Profit Before Tax of ₹130.09 crores, with year-on-year growth of 19%.

Innovation remains central to our strategy. Leveraging global best practices, we've expanded our specialized product offerings catering to high-growth sectors such as Renewable Energy, Infrastructure, Mining, Aerospace defence and mobility. Our initiatives, notably Shanthi Rebuild and Value Analysis & Value Engineering (VAVE), have consistently provided our customers with cost-effective, reliable solutions, significantly reducing their downtime and strengthening enduring partnerships.

At Shanthi Gears, our greatest asset is our people. We continue to invest strategically in capability enhancement and leadership development, fostering a culture of innovation, agility, and teamwork. These sustained investments have directly contributed to increased productivity, customer satisfaction, and strengthened competitive positioning.

# From the Desk of the Chairman



**We believe in ‘Scaling with Systems and Strategy’ where every step forward is backed by process excellence, digital integration, and a clear strategic roadmap.**

Our unwavering commitment to sustainability remains integral to our corporate identity. By proactively embracing Environmental, Social, and Governance (ESG) initiatives, we have embedded eco-friendly manufacturing practices, energy efficiency, and responsible waste management deeply within our operations. We recognize that our sustainable future depends significantly on our ability to positively impact the environment and communities around us.

Looking forward, we remain focused on identifying and capturing strategic market opportunities. Continued investments in advanced technology, digital transformation, and smart manufacturing will further reinforce our competitive advantage, positioning Shanthi Gears as a resilient leader well-prepared to navigate future challenges. True growth is not just about expanding faster but expanding

smarter. At Shanthi Gears, we believe in ‘*Scaling with Systems and Strategy*’ where every step forward is backed by process excellence, digital integration, and a clear strategic roadmap. This disciplined approach ensures that we not only grow in size but in strength, resilience, and value creation for all our stakeholders.

I extend my sincere gratitude to our talented and dedicated employees, whose relentless commitment continues to drive our success. My heartfelt appreciation also goes to our Board Members for their invaluable guidance, our customers and partners for their continued trust, and you, our esteemed shareholders, for your unwavering support.

Together, let us stride forward with confidence, purpose, and determination towards a future of sustained innovation, growth, and enduring success at Shanthi Gears.

Warm Regards,  
M A M Arunachalam



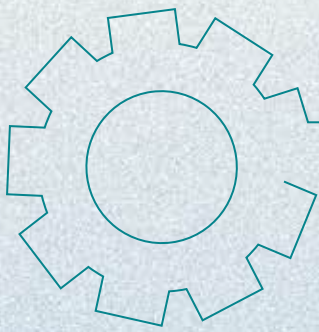
# Shanthi Gears at a Glance

Shanthi Gears Limited (SGL), a subsidiary of Tube Investments of India Ltd, has been a pioneer in industrial gearbox manufacturing for over five decades, specializing in customized solutions. With a strong focus on innovation and diversification, SGL caters to a wide range of industries including Steel, Cement, Power (Thermal & Wind), Mining, Transportation, and Construction.

Equipped with state-of-the-art engineering and manufacturing facilities, SGL delivers high-precision, high-performance gear solutions. The company also offers Value Addition and Value Engineering (VAVE) services, enhancing the efficiency of existing gear systems.

Through its Shanthi Rebuild brand, SGL provides comprehensive refurbishment services across India, including spare part development, on-site assembly, commissioning, and maintenance—helping minimize equipment downtime.

SGL is the first Indian gear manufacturer to earn AS-9100D and IRIS (ISO/TS 22163:2017) certifications, marking its capabilities in the Aerospace and Railway sectors.



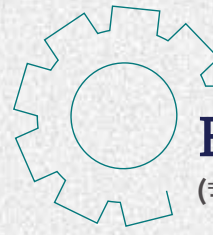
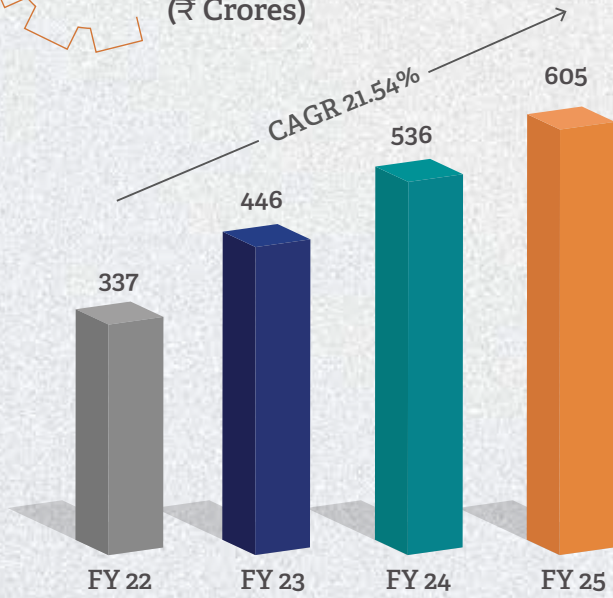
**One of the Asia's largest Industrial Motion Solution provider, powering Sustainable Profitable Growth.**



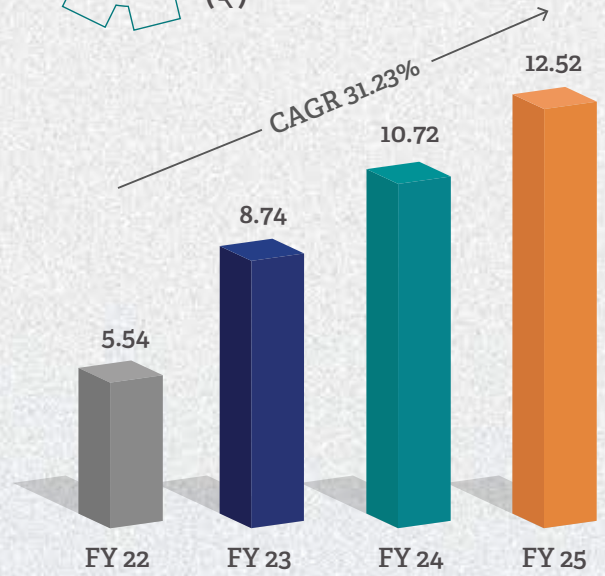
# Financial Highlights



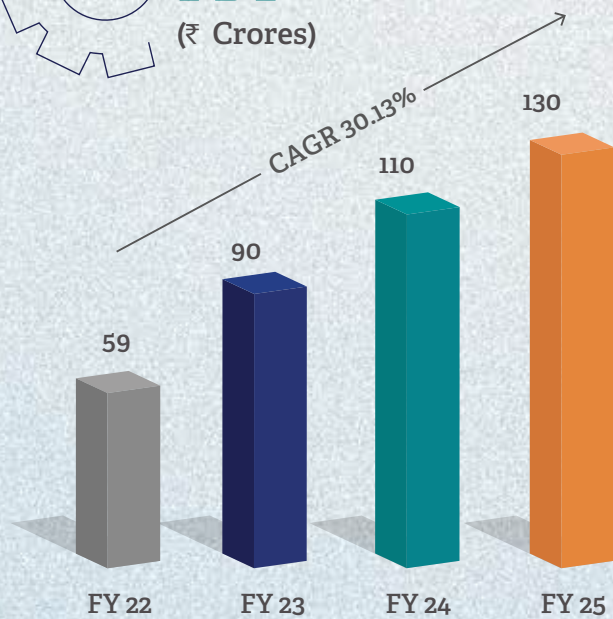
## Revenue (₹ Crores)



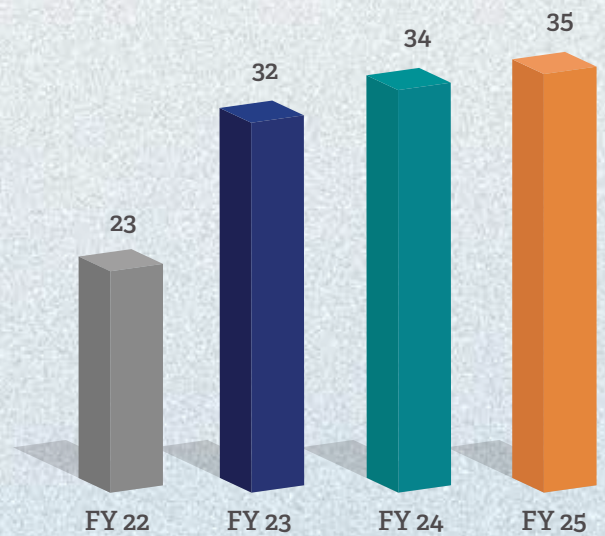
## EPS (₹)



## PBT (₹ Crores)



## ROCE (%)



# “Mastering Craft, Exhibiting Excellence”



## Intec 2024

Date: 6<sup>th</sup> - 10<sup>th</sup> Jun 2024

📍 CODISSIA Trade Fair Complex, Coimbatore



## Windergy

Date: 23<sup>rd</sup> - 25<sup>th</sup> Oct 2024

Chennai Trade Centre,  
Chennai



## ISEE

Date: 5<sup>th</sup> - 7<sup>th</sup> Dec 2024

Bombay Exhibition Centre,  
Goregaon, Mumbai



## Bauma CONEXPO

Date: 11<sup>th</sup> - 14<sup>th</sup> Dec 2024

India Expo Centre,  
Greater Noida, NCR



# A Mission Powered by Purpose !

Our mission is not just a statement—it's a powerful commitment driven by a clear and meaningful purpose. At the core of everything we do lies a deep sense of responsibility to create value, inspire innovation, and make a positive impact on our customers, employees, and communities.

By aligning our goals with this purpose, we ensure that every action we take is intentional and impactful. This purpose-driven approach fuels our passion, guides our decisions, and unites us as a team dedicated to achieving excellence.

With a mission powered by purpose, we are not only shaping the future of our company but also contributing to a better, more sustainable world.

The event was a powerful demonstration of our collective commitment to growth, innovation, and teamwork. As we move into FY2025-26, the strategies unveiled during the meet will light our path forward, serving as a dynamic roadmap to achieve our goals and drive success.



# Joining Hands for Climate Change

SGL with TII has embarked on an ambitious and transformative journey to combat climate change, restore biodiversity, and enhance community well-being through our ground breaking 1 Lakh Tree Plantation Mission.

This initiative not only underscores our unwavering commitment to environmental stewardship and sustainable development but also serves as a catalyst for positive change in our communities.



# CSR - Sustainability in Action



E-Vehicle for Garbage Waste Collection & 150 LED Street Lights, Muthalipalayam Village



Blood Storage Rack for Primary Health Centre for the benefit of Pregnant Ladies - Palladam Taluk Block



Saplings plantation with irrigation & fencing - Arasur Village



Saplings plantation – Palladam Taluk Block



Desilting of Lake, plant sapling and irrigation – Palladam, Tirupur



Construction of park, Tree sapling and Bore well – Neelambur Panchayat

# Driving Compliance to Excellence!



## Digital Work Permit System

Permit to Work, Powered by Precision



## Advanced Fire Protection for Critical IT Infrastructure

Clean Agent Fire Suppression System to safeguard vital IT assets.



## Digital Safety Reporting

Stop it! Report it! Prevent it!

Web & Mobile-based application for reporting Unsafe Acts, Unsafe Conditions, and Near Miss incidents.



## Ambient Air Quality Monitoring Station

Committed to Clean Air – Transparent Monitoring, Safer Community

Online Continuous Ambient Air Quality Monitoring Station (OCAAQMS) – PM10.



## Safety GOBO Projection System

### Projecting Safety, Protecting Lives

Enhancing visual safety awareness in critical factory areas, GOBO Projector systems (which project safety images onto the floor) have been installed.



## RFID-Based Emergency Assets Tracking

### Digital Eyes on Every Emergency Asset

Ensures real-time visibility, improves compliance tracking, reduces inspection time, and strengthens emergency preparedness across the facility.



## TII Chairman's Annual Award

### For Safety & 5S

“Best Plant – Safety” award for FY 2024–25 among Tube Investments Plants. SGL also secured first place in the 5S category which is a testament to our consistent efforts.



# Safety Gear - Your Best Work Companion !

Safety is never an afterthought at Shanthi Gears, we value that it's the foundation of a productive and positive workplace.





# Skill is Will

## Leadership Development is not just a Priority—it's a Strategic Imperative

We are proud to spotlight our partnership with the Indian Institute of Management Ahmedabad (IIM-A) in delivering the Business Leadership Program (BLP)—an exclusive, high-impact training initiative tailored specifically for our senior leadership team.



## FTE: Empowering First-Time Managers for Success

With Growth, strong leadership becomes imperative. That's why Fueling the Future (FTF)—a training program specially designed for First-Time Managers (FTMs).

## Gear Master Training: Empowering the Team with Product Expertise

The Gear Master Training initiative is a specialized program crafted to equip our sales team with comprehensive, in-depth knowledge of our product portfolio thereby empowering them to engage with customers to drive sustained business growth.



## Operator Development Programs: Building Skills for Excellence

Focus on strengthening the technical skills and soft skills. Operators receive hands-on training to deepen their practical knowledge of equipment, processes, and safety protocols.

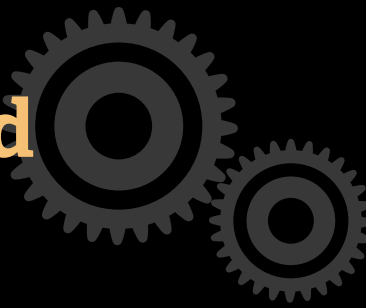


## High-Impact Training for Key Skills

By targeting critical skills through focused programs, we equip employees with practical tools to boost performance, strengthen teams, and drive innovation. These initiatives empower leaders in key areas—mastering the Hiring Process, adopting a Managerial Mindset, and applying Shingijutsu for operational excellence.



# Golden Peacock Award for Occupational Health & Safety '2025



We are proud to announce that the Foundry Division has been honored with the prestigious Golden Peacock Occupational Health & Safety Award 2025.

This esteemed accolade stands as a powerful testament to our unwavering dedication to upholding the highest standards of occupational health and safety across all levels of our operations. It is a recognition of the Division's consistent pursuit of excellence in creating a workplace that not only complies with global safety benchmarks but also sets new standards for proactive health and safety management in the industry.

At the heart of this achievement lies our commitment to nurturing a culture of safety—one where every individual is empowered, trained, and equipped to prioritize health and well-being. The award reflects our comprehensive and forward-thinking approach, which integrates

state-of-the-art safety protocols, robust risk assessment methodologies, and continuous improvement practices to ensure a secure and resilient work environment.

Receiving the Golden Peacock Award underscores our belief that operational excellence cannot be achieved without a foundation of health, safety, and human-centric values. It strengthens our resolve to continually raise the bar and serve as a benchmark for safety practices in the manufacturing and industrial sectors.

We extend our heartfelt gratitude to all our employees, safety champions, and partners whose relentless efforts and shared vision made this achievement possible. Together, we will continue to drive innovation, responsibility, and excellence—ensuring that safety remains at the core of everything we do.





## OUR BOARD OF DIRECTORS



### **Mr. M A M Arunachalam** Chairman

Mr. M A M Arunachalam (57 years; DIN-00202958) has done his Bachelors in Commerce and Masters in Business Administration from the University of Chicago. He is an Industrialist and has an experience of 35 plus years in the field of varied industrial activities. He is the Chairman of Tube Investments of India Limited and also on the Board of Ambadi Investments Limited, CG Power & Industrial Solutions Limited and Cholamandalam Investment and Finance Company Limited.

### **Mr. L Ramkumar** Non-Executive Director

Mr. L Ramkumar (69 years; DIN-00090089) is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He has over 40 years of rich and varied experience in management including over 25 plus years in Tube Investments of India Limited.



### **Ms. Soundara Kumar** Non-Executive Director

Ms. Soundara Kumar (71 years; DIN-01974515) holds a graduate degree in Mathematics. She worked in State Bank of India close to four decade both in India and overseas and is well experienced in the financial services industry. She retired as Deputy Managing Director, Stressed Asset Management Group of State Bank of India. She is also on the Board of Ramco Group Companies.



### **Dr. S K Sundararaman** Non-Executive Director

Mr. S K Sundararaman (52 years; DIN-00002691) holds a Masters Degree in Business Administration from Cambridge University, United Kingdom. He is currently the Managing Director of Shiva Teyarn Limited. He has wide experience in the field of Textile Technology and well known for his innovative approach and Development of new technical textile products.





### **Mr. A Venkataramani** Independent Director

Mr. A Venkataramani (57 years; DIN-00277816) is a Mechanical Engineer from the UK and an MBA from the University of Chicago. He is currently the Managing Director of IP Rings and serves on the Boards of Amalgamations Repco, George Oakes and India Pistons. He is an Independent Director on the Board of Edutech NTTF and Parry Enterprises and Avalon Technologies has also served as President of the Madras Management Association (MMA), The Madras Chamber of Commerce and Industry (MCCI) and Auto Component Manufacturers Association (ACMA).

### **Mr. M Karunakaran** Whole-time Director

Mr. M Karunakaran (53 years; DIN 09004843), is a Mechanical Engineer from Annamalai University, Completed his Post Graduate diploma in Die & Tool Design from GTTC and MBA from University of Madras. He has also completed Advanced Manufacturing Program from Warwick University, UK, Murugappa Leadership program (MLP) from IIM, Ahmedabad and Advanced Management Program (AMP 207) from Harvard Business School, Boston. He has over three decades of experience in Operations, Strategy and business turn around. He has been associated with Tube investments of India Limited (TII) for more than 25 years and serving as CEO of Shanthi Gears Limited since Feb 2019.



### **Mr. Mukesh Ahuja** Non-Executive Director

Mr. Mukesh Ahuja (52 years; DIN-09364667), holds a degree in Production Engineering and MBA in Marketing. He has completed Executive General Management Program in IIM-Bangalore and Advance Management Program in the Harvard Business School, Boston. He has over two decades of experience in managing operations, strategy, business development and sales & marketing. He is the Managing Director of Tube Investments of India Limited and also holding directorship in, Aerostrovilos Energy Private Limited, Moshine Electronics Private Limited, IPLTechElectric Private Limited, X2Fuels and Energy Private Limited and TI Clean Mobility Private Limited.

### **Mr. Arun Venkatachalam** Non-Executive Director

Mr. Arun Venkatachalam (35 years; DIN-09511997) is an MBA Graduate from the London Business School. He has over a decade of experience in both Financial Services & Operations. He serves on the Board of Directors of Payswiff Technologies Private Limited (A Subsidiary of Cholamandalam Investment and Finance Company Limited) and Mavco Investments Private Limited.



## 10 YEAR FINANCIAL HIGHLIGHTS

(₹ Crores)

Particulars	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
<b>Operating Results</b>										
Revenue (Excluding excise duty)	604.62	536.05	445.65	337.07	215.53	242.29	241.68	214.12	183.95	164.79
Earnings before Depreciation, Interest & Tax (EBITDA)	143.39	122.85	101.07	69.1	34.93	41.08	53.08	48.73	46.33	39.86
Profit before Interest & Tax (PBIT)	130.09	109.64	90.19	58.73	26.07	32.69	42.46	33.17	28.50	23.15
Profit before Tax (PBT)	130.09	109.64	90.19	58.73	26.07	32.69	42.46	33.17	28.50	23.15
Profit after Tax (PAT)	96.03	82.25	67.05	42.47	20.17	25.2	33.35	28.58	22.51	17.73
Earnings Per Share (₹)	12.52	10.72	8.74	5.54	2.63	3.28	4.08	3.50	2.75	2.23
Dividend Per Share (₹)	5.00	5.00	3.00	2.5	1.5	2.00	6.00	1.00	0.75	0.50
Book Value Per Share (₹)	52.53	45.02	39.42	33.89	30.92	29.80	36.97	38.90	37.49	34.75
Interest							-	-	-	-
<b>Sources And Application Of Funds</b>										
<b>Sources Of Funds</b>										
Share Capital	7.67	7.67	7.67	7.67	7.67	7.67	8.17	8.17	8.17	8.17
Reserves & Surplus	395.32	337.64	294.68	252.29	229.46	220.95	293.91	309.62	298.15	275.72
Net Worth	402.99	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32	283.89
Debt							-	-	-	-
Deferred Tax Liability (Net)							-	-	-	-
<b>Total</b>	<b>402.99</b>	<b>345.31</b>	<b>302.35</b>	<b>259.96</b>	<b>237.13</b>	<b>228.62</b>	<b>302.08</b>	<b>317.79</b>	<b>306.32</b>	<b>283.89</b>
<b>Application Of Funds</b>										
Gross Fixed Assets	177.86	158.22	157.10	143.36	142.8	120.45	113.76	101.28	98.14	89.93
Accumulated Depreciation	98.80	86.07	86.86	77.40	68.78	60.68	55.13	44.47	32.82	16.71
Net Fixed Assets	79.06	72.15	70.23	65.96	74.02	59.77	58.63	56.81	65.32	73.22
Capital Work-in-Progress	4.90	4.10	2.03	3.19	0.03	6.4	0.18	0.50	0.77	0.36
Deferred Tax Asset (Net)	5.26	5.38	4.43	1.61	2.47	4.13	4.96	5.95	3.60	1.45
Long Term Investments	18.21	20.21	20.21	22.21	27.67	27.67	14.16	12.17	12.17	6.00
Short Term Investments & Deposits	153.03	113.01	111.14	93.08	72.69	63.06	112.69	149.01	119.26	105.30
Net Working Capital	142.53	130.46	94.31	73.91	60.25	67.62	111.46	93.35	105.20	97.56
<b>Total</b>	<b>402.99</b>	<b>345.31</b>	<b>302.35</b>	<b>259.96</b>	<b>237.13</b>	<b>228.62</b>	<b>302.08</b>	<b>317.79</b>	<b>306.32</b>	<b>283.89</b>
<b>Ratios</b>										
EBITDA to Sales (%)	23.72%	22.92%	22.68%	20.50%	16.21%	16.95%	21.96%	22.76%	25.19%	24.19%
PBIT to Sales (%)	21.52%	20.45%	20.24%	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%	14.05%
PBT to Sales (%)	21.52%	20.45%	20.24%	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%	14.05%
PAT to Sales (%)	15.88%	15.34%	15.05%	12.60%	9.36%	10.40%	13.80%	13.35%	12.24%	10.76%
Interest Cover (Times)							-	-	-	-
ROCE (%) #	34.77%	33.86%	32.10%	22.59%	10.99%	14.30%	14.06%	10.44%	9.30%	8.15%
Return on Networth (%)	23.83%	23.82%	22.18%	16.34%	8.50%	11.02%	11.04%	8.99%	7.35%	6.25%
Total Debt Equity Ratio							-	-	-	-
Long Term Debt Equity Ratio (+)							-	-	-	-
Sales/Net Fixed Assets (Times)	7.65	7.43	6.35	5.11	2.91	4.05	4.12	3.77	2.82	2.25
Net Working Capital Turnover (Times)	4.24	4.11	4.73	4.56	3.58	3.58	2.17	2.29	1.75	1.69

#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 2015-16 to 2023-24 are as per Ind AS.

## CORPORATE INFORMATION

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**BOARD OF DIRECTORS**

Mr. M A M Arunachalam, Chairman  
Mr. L Ramkumar  
Ms. Soundara Kumar  
Dr. S K Sundararaman  
Mr. A Venaktaramani  
Mr. Mukesh Ahuja  
Mr. Arun Venkatachalam

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**CEO & WHOLE TIME DIRECTOR**

Mr. M Karunakaran

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**COMPANY SECRETARY**

Mr. Walter Vasanth P J

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**CHIEF FINANCIAL OFFICER**

Mr. Ranjan Kumar Pati

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**REGISTERED OFFICE**

304-A, Trichy Road, Singanallur, Coimbatore-641005

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**WORKS**

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

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**AUDITORS**

MSKA & Associates  
Chartered Accountants

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**BANKERS**

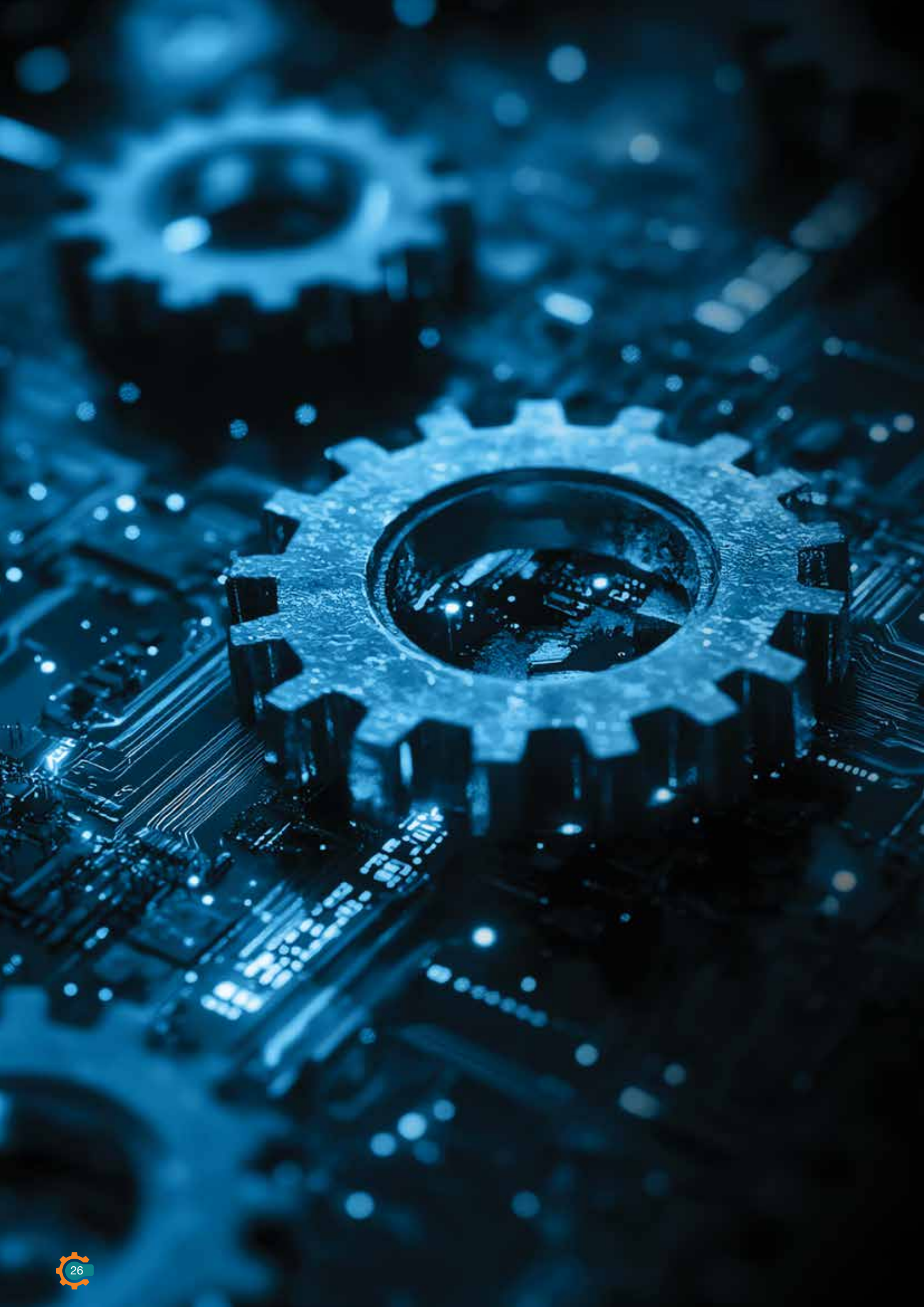
HDFC Bank  
IDBI Bank  
Kotak Mahindra Bank

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**CORPORATE IDENTIFICATION NUMBER**

L29130TZ1972PLC000649

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# Board Report

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# BOARD'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

## Dear Shareholders,

The Board is pleased to present the 52<sup>nd</sup> Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March 2025.

### 1. Business Environment

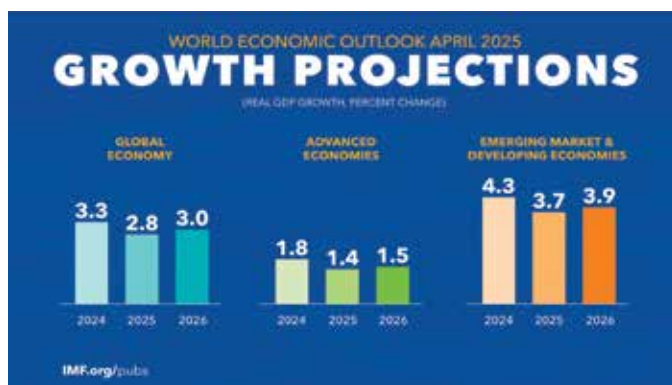
#### Global Economic Scenario

The global economy in FY 2024-25 remained resilient. According to the International Monetary Fund (IMF), world GDP growth was approximately 3.3% in 2024, with a similar pace expected in 2025.

Key factors influencing the global environment:

- Monetary tightening by major central banks to combat inflation
- Geopolitical tensions and trade policy uncertainties, impacting trade and investment flows
- Inflation easing, projected to decline from 6.8% in 2023 to around 4.5% by 2025, but remains above target levels in many economies
- Risks remain elevated, including trade barriers, financial market volatility, and geopolitical fragmentation

Despite these headwinds, global industrial activity saw modest growth, supported by resilient demand in infrastructure and energy sectors, particularly for capital goods and industrial equipment. However, consumer demand softened in several regions.



## On the Economy

### Indian Economy:

India's economy was a standout performer. It became 4th largest global economy in 2025 and is projected to be world's fastest growing major economy (6.3% to 6.8% in FY 2025-26). Robust domestic demand driven by private consumption and sustained investment supported its growth trajectory. Government reforms over the past decade, coupled with strong public infrastructure spending, have boosted manufacturing and service activity. Government continued its infrastructure push, raising capital expenditure outlay of ₹ 11.21 lakh crores (3.1% of GDP) earmarked in FY 2025-26 Union Budget. As the IMF reaffirms India's economic resilience, the country's role as a key driver of global growth continues to gain prominence. Government initiatives (e.g. Make in India, Production-Linked Incentive schemes) and improving ease of doing business have continued to support the manufacturing sector's expansion. The IMF projects steady expansion for the Indian economy, supported by firm private consumption, particularly in rural areas. Overall, India's macroeconomic fundamentals (moderating inflation, stable currency, adequate forex reserves) provided a favourable backdrop for industrial firms.

## Industrial Gear Industry Outlook

The industrial gears and gearboxes sector witnessed steady growth during the year, underpinned by revival in core sectors and modernization trends. Global market prospects remain positive – industry research indicates the global industrial gearbox market will increase from about \$31-33 billion in 2024 to \$41-47 billion by 2029-2033, implying a CAGR of roughly 4.5-5.5%. Key drivers worldwide include rising automation in manufacturing, increased investments in renewable energy (wind turbines deploy large gearboxes), and demand for energy-efficient motion control solutions. The global gear market (including automotive and industrial) is similarly projected to expand at ~5-6% CAGR, reaching an estimated \$222 billion in 2025. Manufacturers are embracing advanced technologies, for example, the use of AI/ML-driven design, analytics for predictive maintenance, and adoption of Industry 4.0 components (like IoT, AR/VR in training) - to improve product precision and reliability. These trends are enabling gear producers to optimize productivity and meet stringent global quality standards.

## Indian Gear Industry

India is one of the largest gear markets in Asia and has experienced significant growth over the past decade. FY 2024-25 continued this trajectory, propelled by multiple factors: (1) Strong end-user demand - rapid industrialization, infrastructure projects (steel, cement, power generation, railways) and a rebound in mining and construction activity all drove higher demand for industrial gearboxes. Sectors like steel, cement and power - which heavily rely on gear-driven machinery, saw robust capacity utilization, translating into new orders for gear manufacturers. (2) Automotive sector expansion - even as electric vehicles (EVs) gather pace, conventional and EV powertrains require high-precision gears. The shift towards EVs presents a new avenue for specialized gear and EV gearbox production, supported by the government's push for electric mobility. (3) Policy support - pro-manufacturing initiatives such as Make in India and higher import duties on certain equipment have encouraged localization of gear manufacturing. Both domestic and foreign investments flowed into the sector, building capacity and technological capabilities. (4) Technological adoption - Indian gear makers have increasingly automated and digitized their operations, using CAD/CAM design, CNC machining centers, and robotics. Many are integrating Industry 4.0 practices (AI/ML algorithms for quality control, digital twin simulations, etc.) into factories. This has enhanced operational efficiency and product quality across the industry. Going forward, industry analysts anticipate steady growth in the Indian gear market (IMARC projects ~2.7% CAGR during 2025–2033 in value terms, though volume growth may be higher), with demand bolstered by ongoing infrastructure development and India's cost-competitive manufacturing base. In summary, the business environment for Shanthi Gears in FY2024-25 featured a stable global economy with pockets of industrial demand, a strongly growing domestic economy investing in infrastructure, and a gear industry evolving through innovation and expanding to serve new markets.

## Growth Drivers

**Growing Demand from Industrial Applications:** Gears have wide ranging applications across industries including oil & gas production plants, steel manufacturing facilities among others where they serve as components facilitating movement between various parts of machines/equipment used on shop floors. Rising investments across these sectors resulting from government policies such as Make-in-India will further drive up demand during 2025-2031 making it another key driver behind industry expansion.

**Growing Demand from Automotive Industry:** India's automotive industry has been growing consistently owing to increasing middle class wealth, improving living standards and rising disposable incomes. This has resulted in increased demand for vehicles which use gears as a crucial component that enables power transmission between different parts of an engine or vehicle body. Thus, this segment will be responsible for majorly fuelling growth in the overall gear market during 2025-2031.

## Challenges of the Market

**High Maintenance Costs;** Gears require regular maintenance due to their wearing out quickly when exposed to extreme temperatures or long hours without lubrication leading to higher costs associated with quality control measures needed while using them over prolonged periods of time thereby limiting their adoption rate amongst prospective customers operating on thin margins.

**Increasing Raw Material Prices;** With rise in raw material prices like iron ore used extensively while producing gears coupled with increasing costs associated with labor required for machining processes involved; manufacturers are facing challenges squeezing profits out of every transaction made thereby impacting financial performance adversely hampering prospects related with further growth down the line.

## Trends of the Market

**Customized Solutions Gaining Traction;** As businesses move towards multi enterprise software solutions integrated within workflows managed by internal teams customized solutions are becoming

### Sources:

- 6W Research
- Gear Technology
- IMI
- GMI – Global Market Insights

increasingly popular offering more precise results tailored according to customer needs.

Focus on Reducing Total Cost Ownership; To remain competitive manufacturers are relying heavily upon cost effective methods involving strategic integration points throughout supply chain process allowing them flexibility regarding price decisions enabling faster response times helping maintain healthy profit levels even after factoring expenses incurred while.

## Sector-wise prospects

### Railway

Indian Railways are embarked on a transformation phase in the next five years. The following five key developments will shape the future of India's rail transport system:-

1. Uncompromised Safety Standards with paramount focus on safety.
2. A New Generation of Trains: The Railway Minister has announced a large-scale introduction of advanced trains, ensuring modernized travel experiences. "We will see a large-scale movement of Vande Bharat Trains, Vande Bharat Sleeper Trains, Amrit Bharat Trains, and Namoo Bharat Trains in the coming years," he stated.
3. The Greenest Railways: Indian Railways is set to become the world's greenest railway network with, government's commitment to sustainability and eco-friendly transportation.
4. Expansion of Bullet Train Corridors: India's high-speed rail ambitions are expanding, with new bullet train corridors planned across the country. "In the coming years, we will see bullet train corridors coming up in many parts of the country."
5. Next-Generation Locomotives & Global Expansion: India's plans to become a major manufacturer and exporter of railway equipment. "We will also see a totally new generation of locomotives. India will become a major railway equipment manufacturer and exporter in the coming years—the way we have in electronics, technology, and defence equipment.

Besides the above the Indian Railway Production Units will add 3,000 numbers of High Horse Power Locomotives creating demand of associated products to meet their Production Plans.

With Indian Railways serving millions of passengers daily, modernisation has been a long-standing priority to enhance speed, safety, and efficiency. Government's commitment to leveraging cutting-edge technology and infrastructure advancements, will ensure that the railways evolve into a world-class transportation system.

### Extrusion

The global extruder market size is worth around USD 10,119 million in 2024 and is anticipated to reach around USD 16,799 million by 2034, growing at a notable CAGR of 5.2% from 2024 to 2034.

The extruder market refers to the production, distribution, and use of this machine, which extrudes plastic, metal, or clay through a die. There is a high demand for these extruders in applications like consumer goods, transportation, and building & construction, which is driving the growth of the extruder market.

The India Extruders Market is growing as industries rely on extrusion technology for the production of various plastic and metal products. Extruders are critical for shaping materials into desired forms, making them essential in sectors like packaging, construction, and automotive. The market's expansion is driven by the diverse applications of extrusion technology in India manufacturing.

The India extruders market is witnessing growth driven by the plastics and polymer processing industry. Extruders play a vital role in shaping and processing raw materials into various products, such as pipes, films, and profiles. The booming construction and packaging industries, along with the demand for innovative and sustainable materials, contribute to the adoption of advanced extrusion technology.

The extruders market in India faces challenges related to the customization of equipment to meet diverse industry requirements. Different industries require various types of extruders, and meeting these specific needs can be complex. Additionally, maintaining consistent product quality, especially for food and plastic processing, is a challenge. The demand for sustainable and energy-efficient extrusion solutions further complicates product development.

#### Source:

- IMARC - Indian Railway Budget

## Cranes

The India crane market size reached USD 3.6 Billion in 2024. Looking forward, IMARC Group expects the market to reach USD 5.4 Billion by 2033, exhibiting a growth rate (CAGR) of 4.4% during 2025-2033. The India crane market share is significantly expanding due to the growth in the construction industry, rapid technological advancements, and extensive research and development (R&D) activities in the region.

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

One of the key factors driving the India crane market growth is the increasing construction and infrastructure activities in the country. Cranes are widely used to lift and lower objects and move them horizontally for the construction of bridges, buildings, roads, and overpasses. In line with this, the rapid expansion of residential, commercial, and industrial spaces is contributing to the India crane market demand. Moreover, the widespread adoption of mobile cranes due to their flexibility and mobility in areas where static cranes can't reach is positively impacting the India crane market trends.

## Material Handling

The global material handling equipment market size was valued at USD 239.3 billion in 2024. The market is projected to grow from USD 252.53 billion in 2025 to USD 390.88 billion by 2032, exhibiting a CAGR of 6.4% during the forecast period.

The India material handling equipment market generated a revenue of USD 5.79 billion in 2024 and is expected to reach USD 8.7 billion by 2030. The India market is expected to grow at a CAGR of 7.2% from 2025 to 2030.

In terms of segment, cranes & lifting equipment was the largest revenue generating product in 2024. Racking & Storage Equipment is the most lucrative product segment registering the fastest growth during the forecast period.

In terms of revenue, India accounted for 2.4% of the global material handling equipment market in 2024. Country-wise, China is expected to lead the global market in terms of revenue in 2030.

In Asia Pacific, China material handling equipment market is projected to lead the regional market in terms of revenue in 2030. India is the fastest growing regional market in Asia Pacific and is projected to reach USD 8.7 billion by 2030.

Manufacturing segment dominated the India material handling equipment market and will continue its dominance throughout the forecast. Make in India initiative to boost the growth of the manufacturing sector, the market is expecting to see attractive growth in manufacturing and consequently in logistics and distribution activities for the forecast duration. Total warehousing requirement in India is expected to grow at a CAGR of 7.5%. India logistic industry expected to grow at 15% to 20% per annum.

## Cement

The Indian cement industry is a key pillar of the nation's infrastructure and economic growth. As the second-largest cement producer globally, it significantly contributes to India's GDP, industrial output, and employment. With an installed capacity of around 690 million tpy, the sector plays a crucial role in housing, transportation, and urban infrastructure. Cement production for FY23 – 24 is estimated at 390 million tpy, reflecting steady demand supported by government initiatives and private investments.

### Sources:

- IMARC
- <https://www.fortunebusinessinsights.com/industry-reports/material-handling-equipment-market-101501>.

The industry's growth has been marked by substantial capacity additions, with over 15 million tpy added in 2022 – 23 by major players like UltraTech Cement, Shree Cement, and ACC-Ambuja. However, capacity utilisation is mixed, averaging 65 – 70%, with North and East India operating at near 80%, while the South faces overcapacity with utilisation as low as 50 – 55%.

Housing accounts for 60% of cement consumption, followed by infrastructure projects (25%) and commercial real estate (15%). Government programmes like Bharatmala, Sagarmala, and Pradhan Mantri Awas Yojana (PMAY) are major drivers, with demand expected to exceed 500 million tpy by 2030.

## 2. Company Performance

(₹ Crores)

Particulars	Year Ended 31.03.2025	Year Ended 31.03.2024
Revenue from Operations (Net)	604.62	536.05
Earnings Before Interest Tax Depreciation & Amortisation	143.39	122.85
Depreciation and amortisation expense	13.30	13.21
<b>Profit Before Tax</b>	<b>130.09</b>	<b>109.64</b>
Less: Tax Expenses	34.06	27.39
<b>Profit After Tax</b>	<b>96.03</b>	<b>82.25</b>
Add: Surplus brought forward	136.08	92.23
<b>Appropriations:</b>		
Final dividend paid during the year	15.34	15.38
Tax on final dividend paid during the year	-	-
Interim dividend paid during the year	23.02	23.02
Tax on interim dividend paid during year	-	-
<b>Balance carried to Balance Sheet</b>	<b>193.75</b>	<b>136.08</b>

## 3. Review of Operations

In FY24-25, the Company reported improved performance. Revenue from Operations at ₹604 crores, registering a growth of 13% growth over the previous year. This growth was owing to an increase in order inflow and deliveries.

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

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

EBITDA increased to ₹143.39 crore in FY25 from ₹122.85 crores in FY24 – a growth of 17%. The Company registered a net profit of ₹96.03 crores (17% increase).

From a liquidity standpoint, the Company generated a Free Cash Flow of ₹75.47 crores during the financial year and registered 75% growth over the previous year.

The Company's Return on Capital Employed improved to 35% in FY25 from 34% in FY24.

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

### Source:

- <https://www.worldcement.com/>

#### 4. Dividend

The Board of Directors declared an Interim Dividend of ₹3/- per share (@ 300%) on equity share of the face value of ₹1/- each for the financial year 2024-25, which was paid on 26<sup>th</sup> February, 2025 to all the eligible shareholders. A final dividend of ₹2/- per share (@ 200%) has been proposed by the Board for the said financial year and together with the Interim Dividend of ₹3/- per equity share, already declared and paid, in respect of the financial year 2024-25, ₹5/- per share (@500%) will be considered as the total Dividend for the said financial year.

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

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

#### 5. Share Capital

The paid up Equity Share Capital as on 31<sup>st</sup> March 2025 was ₹ 7.67 Crores.

#### 6. Deposits

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest were outstanding as on 31<sup>st</sup> March 2025.

#### 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. Arun Venkatachalam, 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.

The Board records its appreciation for Mr. J Balamurugan and Mr. N Krishna Samaraj, Independent Directors for their dedication and contributions towards the growth of the organization. They retired from the Board w.e.f 29<sup>th</sup> July, 2024. During the Financial Year 2024-25 Mr. A Venkataramani, has been appointed as Independent Director with effect from 09<sup>th</sup> May, 2024.

The Board of Directors confirms that the independent directors appointed during the year possess strong integrity and ethical conduct. After reviewing their qualifications, background, and experience, the Board believes the director brings valuable expertise in negotiating joint venture agreements and setting up greenfield projects. Their skills in strategic decision-making, governance, and risk management will enhance the Board's effectiveness. The Board is confident that their independent perspective and contributions will support the company's long-term growth and strong governance.

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

#### 9. Key Managerial Personnel

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

## 10. Internal Control System and their Adequacy

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

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

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

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

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

## 11. Internal Financial Control Systems with reference to financial statements

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

## 12. Enterprise Risk Analysis and Management

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

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

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

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

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

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

## 13. Corporate Governance

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

## 14. Corporate Social Responsibility (CSR)

As a corporate citizen, your Company is committed to the conduct of its business in a socially responsible manner. The Company contributed a portion of its profit to the promotion

of worthy causes like education, healthcare, scientific research etc. As a part of the Corporate Social Responsibility program, the Company has undertaken projects in the areas of Education, Scientific Research, etc., List of CSR Activities, Composition of CSR Committee and CSR Policy is annexed herewith as **Annexure-B**.

## 15. Annual Return

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

## 16. Directors Responsibility Statement

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

- 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<sup>st</sup> March 2025 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<sup>st</sup> March 2025; 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<sup>st</sup> March 2025.

## 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 <https://www.shanthigears.com/wp-content/uploads/2025/04/Policy-on-Related-Party-Transactions.pdf>.

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

All transactions with Related Parties under the Companies Act, 2013, entered during the financial year were in the ordinary course of business at arm's length and hence no particulars are required to be entered in the Form AOC-2. Further, all transactions entered into with Related Parties during the year even at arm's length basis in the ordinary course did not exceed the thresholds prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 or Listing Regulations or the Company's Policy in this regard and hence no disclosure was required to be made in Form AOC-2. Accordingly, there are no contracts or arrangements entered into with Related Parties during the year to be disclosed under Sections 188(1) and 134(3)(h) of the Companies Act, 2013 in Form AOC-2. The form is enclosed as **Annexure E**.

## 19. Board Evaluation

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

## 20. Vigil Mechanism/Whistle Blower Policy

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

## 21. Business Responsibility & Sustainability Reporting

As required under the SEBI Listing Regulations which mandate the inclusion of a Business Responsibility & Sustainability Report as part of the Annual Report for the top 1000 listed

entities based on market capitalization, the Business Responsibility Report forms part of the Annual Report as **Annexure G**. The Business Responsibility Policy of the Company is displayed in the Company's website at the following link: <http://www.shanthigears.com/wp-content/uploads/2020/06/SGL-BRR-Policy-May-2020.pdf>

## 22. Declarations/Affirmations

During the year under review:

- there were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate viz., 31<sup>st</sup> March 2025 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 Shanti Gear's sustenance over the years. The Company has a large pool of engineers. This critical competitive edge has enabled the Company to stand out from the clutter and develop niche solutions that address the ever-evolving requirements of the sectors it caters to.

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

Senior leaders have been investing lot of time and efforts in identifying and developing succession pipeline for critical positions in the organization. The transition management programmes viz., FTF and LEAD have been very successful and as part of the programme, implementation of Individual Development Plans (IDPs) for talent pool identified through these programmes is being

facilitated. The IDPs are being reviewed regularly and On-the-Job projects, job enlargement/job rotation, mentoring support to the Talents are being provided. Coaching & mentoring was done for select talent across the organization with an intent of developing future leaders. Internal employees have been given opportunities to take up higher roles and grow in the system under Grow from within Scheme.

The Company had 503 permanent employees on its rolls, as on 31<sup>st</sup> March 2025.

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

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

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

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

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

The Company has in place a Prevention of Sexual Harassment policy (POSH) in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any complaints about sexual harassment during the year 2024-25.

#### **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 R. Sridharan & Associates, Company Secretaries to undertake Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and forms part of this Report as **Annexure F**. Accordingly, no qualification or observation or other remarks have been made by the Secretarial Auditor in his Report.

#### **27. Auditors**

The Members have appointed of M/s MSKA & Associates, Chartered Accountants, (Firm Registration No 105047W) the Statutory Auditors of the Company for a period of 5 years from the conclusion of 50<sup>th</sup> AGM (2023) till the conclusion of 55<sup>th</sup> AGM (2028) subject to ratification of such appointment by members at every AGM. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away with the Companies (Amendment) Act, 2017 with effect from 7<sup>th</sup> May 2018. Accordingly, no resolution is being proposed for ratification of the appointment of statutory auditors at the Fifty-Second AGM. The Statutory auditor's report forms part of the Annual report and no qualifications or observations or other remarks have been made by Statutory auditor in his report.

In accordance with the provisions of Section 148(1) of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Company has maintained cost records in respect of Gears, Gearboxes and Accessories for the Financial Year 2024-25. Mr. B. Venkateswar was appointed as Cost Auditor for the audit of the Cost Accounting records of the Company for the year ended 31<sup>st</sup> March 2026. A resolution seeking Members' ratification of the Remuneration payable to the Cost Auditor is included in the AGM notice dated 24<sup>th</sup> April 2025. The Cost Audit report will be filed within the stipulated period.

M/s. Sridharan & Sridharan Associates, Firm of Company Secretaries in Practice is proposed to be appointed as Secretarial Auditors for a term of 5 (Five) consecutive years, from the conclusion of 52<sup>nd</sup> AGM (2025) till the conclusion of 57<sup>th</sup> AGM (2030) subject to shareholders approval at the 52<sup>nd</sup> Annual General Meeting. A resolution seeking Members approval is included in the AGM notice dated 24<sup>th</sup> April 2025.

## 28. Subsidiaries/Associates/Joint Ventures

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

## 29. Secretarial Standards

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

## 30. General

The Company has not issued equity shares with differential voting rights or sweat equity shares, there is no reportable event with respect to one time settlement with any Bank or Financial Institution and no corporate insolvency resolution process was initiated under the Insolvency and Bankruptcy Code, 2016, either by or against the Company, before National Company Law Tribunal.

## 31. Change in Nature of Business

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

## 32. Other Confirmations

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at 31<sup>st</sup> March 2025. There was no instance of one time settlement with any Bank or Financial Institution.

## 33. Acknowledgment

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

On behalf of the Board

**M A M Arunachalam**

Chairman  
(DIN-00202958)

Place: Coimbatore  
Date: 24 April 2025

## 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 08<sup>th</sup> July 2016. This policy will be effective from 29<sup>th</sup> March 2021, being the date of its approval by the Board of Directors of the Company.

#### 2. Objective

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

#### 3. Parameters to be considered for declaration of Dividend

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

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

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

#### 3.1 Financial Parameters/Internal Factors

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

#### 3.2 External Factors

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

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

#### 4. Circumstances under which the shareholders may not expect Dividend

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

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

#### 5. Utilization of retained earnings

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

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

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

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

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

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

#### 7. Procedure

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

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

#### 8. Disclosure

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

#### 9. General

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

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

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

## ANNEXURE B TO THE BOARD'S REPORT

### Annual Report On Corporate Social Responsibility (CSR) Activities

#### 1. Brief outline on CSR Policy of the Company

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

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

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

#### 2. Composition of CSR Committee

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

\*Retired w.e.f 29<sup>th</sup> July 2024

\*\*Chairperson w.e.f 30<sup>th</sup> July 2024

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

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

#### 4. Provide the details of impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

#### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

#### 6. Average net profit of the Company as per Section 135(5): ₹ 85.78 Crores

- Two percent of average net profit of the Company as per Section 135(5): ₹ 1.72 Crores
- Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
- Amount required to be set off for the financial year, if any: Nil
- Total CSR obligation for the financial year (5b+5c-5d): ₹ 1.72 Crores

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

Total Amount Spent for the Financial Year	Amount Unspent (in ₹ Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1.72	-	-	-	-	-

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

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

1.	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 (₹ Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Two E-Vehicle for Garbage Waste collection & 150 LED Street lights	Rural Development	Yes	Coimbatore, Tamilnadu		14.85	Yes	-	-
2	Saplings plantation with irrigation & fencing	Environmental Sustainability	Yes	Coimbatore, Tamilnadu		41.77	Yes	-	-
3	Blood Storage Rack for Primary Health Centre for the benefit of Pregnant Ladies	Health Care	Yes	Tirupur, Tamilnadu		1.95	Yes	-	-
4	Desilting of Lake, plant sapling and irrigation	Environmental Sustainability	Yes	Tirupur, Tamilnadu		8.40	Yes	-	-
5	Construction of park, tree sapling and bore well	Rural Development	Yes	Coimbatore, Tamilnadu		19.29	Yes	-	-
6	Saplings plantation	Environmental Sustainability	Yes	Tirupur, Tamilnadu		0.02	Yes	-	-
7	Shri. A.M.M. Murugappa Chettiar Research Centre	Enzymes and novel application of natural products for health and daily life	No			86.00	No	Shri. A.M.M. Murugappa Chettiar Research Centre	CSR00000057
<b>Total</b>						<b>172.29</b>			

d. Amount spent in Administrative Overheads: **Nil**e. Amount spent on Impact Assessment, if any: **Nil**f. Total amount spent for the Financial year: **₹ 1.72 Crores**

g. Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ Crores)
i.	Two percent of average net profit of the Company as per Section 135(5)	1.71
ii.	Total amount spent for the Financial Year	1.72
iii.	Excess amount spent for the financial year (ii)-(i)	0.00
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

**Details of Unspent CSR amount for the preceding three years:**

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

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. 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

Place: Coimbatore  
Date: 24 April 2025

**M A M Arunachalam**  
Chairman  
(DIN-00202958)

**S K Sundararaman**  
Chairperson of the CSR Committee  
(DIN-00002691)

## ANNEXURE C TO THE BOARD'S REPORT

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

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

Name	Designation	Ratio
Mr. M A M Arunachalam	Chairman	Not Applicable
Mr. L Ramkumar	Director	0.97
Mr. J Balamurugan	Director	0.39
Dr. S K Sundararaman	Director	1.00
Ms. Soundara Kumar	Director	0.97
Mr. N Krishna Samaraj	Director	0.29
Mr. Mukesh Ahuja	Director	Not Applicable
Mr. Arun Venkatachalam	Director	0.79
Mr. A Venkataramani	Director	0.75
Mr. M Karunakaran	CEO & Whole-time Director	18.02

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

Name	Designation	% Increase
Mr. M A M Arunachalam	Chairman	Not Applicable
Mr. L Ramkumar	Director	Nil
Mr. J Balamurugan	Director	-20
Dr. S K Sundararaman	Director	6
Ms. Soundara Kumar	Director	6
Mr. N Krishna Samaraj	Director	-10
Mr. Mukesh Ahuja	Director	Not Applicable
Mr. Arun Venkatachalam	Director	Not Applicable
Mr. M Karunakaran	CEO & Whole-time Director	27%
Mr. Ranjan Kumar Pati	Chief Financial Officer	14%
Mr. Walter Vasanth P J	Company Secretary	13%

**3. Percentage Increase in the median remuneration of employees****(₹ in Lakhs)**

<b>Median Remuneration</b>	
2023-24	7.24
2024-25	7.63
<b>Increase/(Decrease)</b>	<b>0.39</b>
% Change	5%

**4. Number of Permanent Employees on Roll: 503****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 10%. The increase granted to managerial personnel is 22%.

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

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

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

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

## 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 2024-25 are highlighted hereunder:

We have saved around 3,96,478 units in last year by implementing various energy savings measures such as eliminating idle running motors in 30 Key machines by modifying OEM programs, by replacing standard motors with energy efficient motors, replacing old HPSV lamps with LED lamps in shop floors, by modifying traditional control panels in old machines with advanced PLC control systems, downsizing of motors in various areas by conducting energy audits and reduced compressors usage by effective compressed air utilization.

#### Green Power

The company has 9 Wind Mills with a total capacity of 6.7 MW and the wind mills generated 91,92,768 lakh units of electricity. The company has a in house solar capacity of 190 KW and the solar power generated was 82,048 units for the year. All these units were used for capital production.

#### Technology Absorption

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

Research and Development (R&D) is venturing into new explorations, in the fast evolving Transmission Technology. New Product Development (NPD) is focused on various areas for futuristic market penetration such as Renewable Energy (Solar, Hydel & Wind), Non-Renewable Energy (FGD), Off-Highway Machinery, Metal Handling Machinery, Marine Sector, Electro-Mobility, Printing Machinery & Plastics Industry, Fluid Power Transmission. SGL is exploring Automotive and Construction 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 established test set up for testing Wind Turbine Gear Boxes for sub MW Wind Mill plants & Pitch Gear Box Testing rig.

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, Embedded controls for Data logging 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 affordable 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. SGL R&D is actively working for the Import Substitution Make in India New Products for Construction industry equipment's which are currently being imported.

#### Expenditure on R&D (₹ Crores)

Particulars	2024-25	2023-24
Capital Expenditure	4.85	6.88
Revenue Expenditure	2.60	2.47
<b>Total Expenditure</b>	<b>7.45</b>	<b>9.35</b>
<b>Total R&amp;D Expenditure as a % of turnover</b>	<b>1.23</b>	<b>1.74</b>

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

#### Foreign Exchange Earnings and Outgo (₹ Crores)

Particulars	2024-25
Foreign Exchange Earned	59.18
Foreign Exchange Outgo	12.18

On behalf of the Board

**M A M Arunachalam**

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

## ANNEXURE E TO THE BOARD'S REPORT

### Form No. AOC - 2

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

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

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

a. Name(s) of the related party and nature of relationship	Nil
b. Nature of contracts/arrangements/transactions	
c. Duration of the contracts/arrangements/transactions	
d. Salient terms of the contracts or arrangements or transactions including the value if any	
e. Justification for entering into such contracts or arrangements or transactions	
f. Date of approval by the Board	
g. Amount paid as advances, if any:	
h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

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

On behalf of the Board

**M A M Arunachalam**

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

## ANNEXURE F TO THE BOARD'S REPORT

### Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March 2025

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

The Members,

#### **SHANTHI GEARS LIMITED**

CIN: L29130TZ1972PLC000649

304A, Trichy Road, Singanallur

Coimbatore - 641005

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHANTHI GEARS LIMITED** [Corporate Identification Number: L29130TZ1972PLC000649] (hereinafter referred as "the Company") for the financial year ended 31<sup>st</sup> March 2025. 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 31<sup>st</sup> March 2025 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 31<sup>st</sup> March 2025 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 thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA during the year under review and hence, the question of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable;
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the year under review);
  - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (not applicable during the year under review);
  - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (not applicable during the year under review);
  - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (not applicable as the company is not registered as Registrar to an Issue and Share transfer Agent during the year under review);

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

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

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

- i. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) (as amended) and the Guidance Note on Meetings of the Board of Directors and General Meetings (revised) issued by The Institute of Company Secretaries of India.
- ii. The Uniform Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. [hereinafter referred to as “Listing Regulations”]

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

#### **We further report that**

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

Adequate notice is given to all Directors/Members before schedule of the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013, Secretarial Standards on Meetings of the Board of Directors and Listing Regulations are complied with.

During the year under review, the Directors/Members who have participated in the Board/Committee meetings through Video Conferencing were in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 of Companies

(Meetings of Board and its Powers) Rules, 2014. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities pertaining to Board/Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

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

**We further report that** based on review of compliance mechanism established by the Company and to the best of our information and according to explanations given to us by the Management and also on the basis of the Compliance certificates issued by the Chief Financial Officer and Company Secretary under various statutes as mentioned above in clause (vi) and taken on record by

the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws.

**We further report that** the above-mentioned Company being a Listed entity this report is also issued pursuant to Regulation 24A of the Listing Regulations as amended and circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by the Securities and Exchange Board of India.

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

**We further report that** during the audit period, the Company had obtained approval from the Stock Exchanges on 06<sup>th</sup> November, 2024 for re-classification of certain persons belonging to the Promoters/Promoter Group of the Company to “Public” Category.

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

**CS R.SRIDHARAN**

CP NO. 3239

FCS NO. 4775

PR NO. 6232/2024

UIN: S2003TN063400

UDIN: FO04775G000192600

Place: Chennai

Date: 24 April 2025

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

## ANNEXURE A TO SECRETARIAL AUDIT REPORT

The Members,

**SHANTHI GEARS LIMITED**

CIN: L29130TZ1972PLC000649

304A, Trichy Road, Singanallur

Coimbatore - 641005

Our Secretarial Audit report for the financial year ended 31st March, 2025 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.

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

**CS R.SRIDHARAN**

CP NO. 3239

FCS NO. 4775

PR NO. 6232/2024

UIN: S2003TN063400

UDIN: F004775G000192600

Place: Chennai

Date: 24 April 2025

# Business Responsibility and Sustainability Report



## ANNEXURE G TO THE BOARD'S REPORT

### Business Responsibility and Sustainability Report

#### Section A: General Disclosures

##### i. Details of the Listed Entity

Sl.No.	Description	Details
1	Corporate Identity Number (CIN) of the Listed Entity	L29130TZ1972PLC000649
2	Name of the Listed Entity	Shanthi Gears Limited
3	Year of incorporation	1972
4	Registered office address	304-A, Trichy Road, Singanallur, Coimbatore - 641 005, Tamil Nadu, India
5	Corporate address	304-A, Trichy Road, Singanallur, Coimbatore - 641 005, Tamil Nadu, India
6	E-mail	info@shanthigears.murugappa.com
7	Telephone	+91 422 4545745
8	Website	www.shanthigears.com
9	Financial year for which reporting is being done	2024-2025 (01 <sup>st</sup> April 2024 to 31 <sup>st</sup> March 2025)
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited. Bombay Stock Exchange Limited.
11	Paid-up Capital	₹ 7.67 Cr
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Mr. Ranjan Kumar Pati Telephone: +91 422 4545745 Email Address: ranjanpati@shanthigears.murugappa.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The reporting boundary comprises all the manufacturing units of the Company in India for the period covering 1 <sup>st</sup> April 2024 to 31 <sup>st</sup> March 2025
14	Name of assurance provider	-
15	Type of assurance obtained	-

## ii. Products/Services

		Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
16	Details of business activities (accounting for 90% of the turnover):	1	Manufacturing & Services	Design and Manufacture of Gears, Gear boxes, Geared Motors, and Gear Assemblies, Refurbishing & repairing of old gear boxes.	100%

		Sl. No.	Product/ Service	NIC Code	% of total Turnover contributed
17	Products/ Services sold by the entity (accounting for 90% of the entity's Turnover):	1	GGB (Gears & Gear boxes)	2814	57%
		2	SFW (Service, Foundry, Worm and Gear Motors)	2814	43%

## iii. Operations

		Location	Number of plants	Number of offices	Total
18	Number of locations where plants and/or operations/offices of the entity are situated:	National	3	1	4
		International	Nil	Nil	Nil

	Market served by the entity:	Locations	Numbers
19	a. No. of Locations	National (No. of States/UTs)	28 States & 8 Union Territories
		International (No. of Countries)	27
	b. What is the contribution of exports as a percentage of the total turnover of the entity?	9.80% is the total turnover in percentage for the reporting period.	
	c. A brief on types of customers	<p>Shanthy Gears has a diverse customer base that encompasses both business to business (B2B) and business-to-consumer (B2C) sectors. In the B2B segment, Shanthy Gears serves Original Equipment Manufacturers (OEMs). The B2C sales channels of Shanthy Gears include dealers and direct sales to end-users.</p> <p>Shanthy Gears' products and services have a wide range of applications across a broad array of industries, such as: Mineral processing, Mining, Off-highway vehicles, Rubber and plastics, Extruders, Power generation, Wind energy, General engineering, Steel, Textiles, Railways, Chemicals, Fertilizers, Non-ferrous metals, Pumps, Valves, Blowers, and Compressors, Lifts, Conveyors, and Cranes, Material handling, Pulp and paper, Cement, Sugar, Foundry, Conveyor systems, Aerospace, Defence, Textile mills and Food processing.</p> <p>This diverse customer base and wide range of industry applications demonstrate the comprehensive nature of Shanthy Gears' product and service offerings.</p>	

## iv. Employees

## 20. Details as at the end of Financial Year:

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)

## a. Employees and Workers (including differently abled):

## Employees

1	Permanent (D)	266	245	92%	21	8%
2	Other than Permanent (E)	114	108	95%	6	5%
3	<b>Total Employees (D+E)</b>	380	353	93%	27	7%

## Workers

4	Permanent (F)	237	233	98%	4	2%
5	Other than Permanent (G)	834	797	96%	37	4%
6	<b>Total Workers (F+G)</b>	1071	1030	96%	41	4%

## b. Differently abled employees and workers:

## Differently abled employees

7	Permanent (D)	0	0	0	0	0
8	Other than Permanent (E)	0	0	0	0	0
9	<b>Total differently abled employees (D+E)</b>	0	0	0	0	0

## Differently abled workers

10	Permanent (F)	0	0	0	0	0
11	Other than Permanent (G)	0	0	0	0	0
12	<b>Total differently abled workers (F+G)</b>	0	0	0	0	0

## 21. Participation/Inclusion/Representation of women

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

## 22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2024-25 (Turnover rate in current FY)			FY 2023-24 (Turnover rate in previous FY)			FY 2022-23 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17%	1%	18%	22%	0%	22%	20%	0%	20%
Permanent Workers	2%	0%	2%	1%	0%	1%	0%	0%	0%

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

## 23. (a) Names of Holding/Subsidiary/Associate Companies/Joint Ventures

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

## vi. CSR Details

24	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
	(ii) Turnover (in ₹)	₹ 604.62 Crores
	(iii) Net worth (in ₹)	₹ 402.99 Crores

## vii. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes <a href="https://www.shanthigears.com/reg-office/">https://www.shanthigears.com/reg-office/</a>	Nil	Nil	Not Applicable	Nil	Nil	Nil
Investors (other than shareholders)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes Compliance Officer & Nodal Officer for IEPF <a href="https://www.shanthigears.com/shareholders-grievance-redressal/">https://www.shanthigears.com/shareholders-grievance-redressal/</a>	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes Employee Engagement Surveys are conducted annually. HR Policy and POSH policy establishes the Grievance Redressal Mechanism	Nil	Nil	Nil	Nil	Nil	Nil

Customers	Yes <a href="https://www.shanthigears.com/enquiry/">https://www.shanthigears.com/enquiry/</a>	Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners	Yes <a href="https://www.shanthigears.com/reg-office/">https://www.shanthigears.com/reg-office/</a>	Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)	-	Nil	Nil	Nil	Nil	Nil	Nil

## 26. Overview of the entity's material responsible business conduct issues

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance	Opportunity	Openness and responsibility are core pillars of effective corporate governance at SGL. This dedication strengthens stakeholder confidence and cultivates a business environment rooted in ethics and long-term sustainability.	Not Applicable	Positive
2	Legal Compliance	Risk	The cornerstone of SGL's long-term success is its unwavering compliance with rules. Our robust regulatory intelligence program provides us a thorough grasp of the shifting legal landscape, enabling us to take a proactive approach to anticipating and managing our future responsibilities.	Achieving zero regulatory non-compliance is a relentless pursuit at Shanthi Gears. We leverage advanced digital online tool to ensure and continuously monitor adherence to all applicable regulations.	Negative
3	Climate Change Strategy	Opportunity	Dependence on alternative, non-fossil energy sources provides a strategic advantage by mitigating the risks associated with fluctuating fossil fuel prices. The adoption of cleaner energy solutions also highlights our commitment to environmental stewardship and aligns us with global efforts to combat climate change.	Not Applicable	Positive

4	Occupational Health & Safety	Risk	A strong commitment to occupational health and safety is a fundamental principle at SGL. It promotes a safe, secure and efficient workplace where employee welfare is seamlessly integrated with high performance and operational effectiveness.	All SGL units are certified for ISO: 45001 system requirements. Top Management is committed to ensure “Zero Incident, safe work culture” through established Safety Health & Environment Policy. This approach is instrumental in ensuring our employee SHE performance. Leveraging the technology, management has introduced Online Digital Platform to ensure real time reporting and monitoring.	Negative
5	Training talent and Skill Development	Opportunity	Ongoing skill enhancement and learning initiatives at SGL equipped employees & workers with the tools to grow and excel, nurturing a culture of continuous improvement. This strategic investment cultivates a resilient and future-ready workforce, essential for long-term success.	Not Applicable	Positive
6	Waste Management	Risk	Reducing our ecological footprint is a key focus at SGL. We adopt environmentally responsible waste management practices across all operations and units, with an emphasis on resource efficiency, recovery, and waste reduction.	All SGL units are certified for ISO 14001 system requirements. Wastes generated at all of our units are segregated as hazardous and non-hazardous and disposed in appropriate ways, while adhering to the applicable norms and regulations for each type of waste.	Negative
7	Water and Wastewater Management	Risk	Effective & Responsible water resource management is a critical priority for SGL. We employ water-efficient processes and adopt eco-friendly wastewater treatment methods to reduce our environmental footprint.	All SGL units are equipped with wastewater treatment facilities. All our units possess Rain Water Harvesting practices.	Negative
8	Sustainable Supply Chain	Risk	Establishing a sustainable supply chain is a strategic focus for SGL. We engage with eco-conscious partners and practice responsible sourcing to reduce our social, environmental and governance impacts.	SGL has engaged a sustainable supply chain program, which covers capacity building and assessment of ESG practices of our suppliers.	Negative

9	Risk & Crisis Management	Risk	At SGL, we recognize the importance of a comprehensive risk and crisis management framework as a strategic safeguard. By proactively identifying emerging risks, we enhance our ability to mitigate potential disruptions before they evolve into critical challenges.	We conduct regular assessments to identify potential threats, by analyzing the probability & severity, and thereby prioritizing the risk for initiating further actions.	Negative
10	Community Engagement	Opportunity	Fostering meaningful relationships with local communities is a key focus for SGL. Through targeted social initiatives, we invest in improving quality of life and advancing the long-term, sustainable development of the regions and communities in which we operate.	Not Applicable	Positive
11	Product Stewardship	Risk	SGL places strong emphasis on sustainable product lifecycles. Our design and manufacturing processes prioritize environmental responsibility by incorporating sustainable materials, optimizing resource usage, and planning for effective life cycle management.	We actively collaborate with our suppliers to encourage the adoption of environmentally responsible practices within their operations. This collective effort helps minimize the ecological footprint across the supply chain and supports SGL commitment to product stewardship.	Negative
12	Cyber Security and Data Protection	Risk	High importance on cybersecurity to safeguard vital information assets and operational infrastructure. Comprehensive information security protocols are implemented to ensure adherence to regulatory standards and to reinforce stakeholder trust.	At SGL we ensure confidentiality, integrity and availability of information throughout the process and is asserted by proactively performing penetration testing and vulnerability assessments to detect and strengthen potential weaknesses in our cybersecurity framework and thereby ensuring threats are mitigated.	Negative

## Section B: Management and process disclosures

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

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Processes</b>										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	<a href="#">SGL Business Responsibility Policy</a>								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Shanthi Gears Limited is certified for the following management systems. ISO 9001, ISO 14001, ISO 45001, ISO/TS 22163 (IRIS), AS9100D (Aerospace), NADCAP – NDT & Heat Treating, Pressure Equipment Directive (PED),								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>Shanthi Gears establishes short-term and long-term goals and targets in ESG areas demonstrating our dedication to sustainability, safety and the well-being of our employees.</p> <p><b>Environment Goals at 2030</b></p> <ul style="list-style-type: none"> <li>• Energy Intensity: 30% reduction in Energy Intensity across all SGL Units</li> <li>• Renewable Energy: 75% of total energy will be from renewable energy</li> <li>• Water Intensity: 50% reduction in Water Intensity across all SGL Units</li> <li>• Waste Intensity: 50% reduction in Waste Intensity across all SGL Units</li> </ul> <p><b>Social Goals at 2030</b></p> <ul style="list-style-type: none"> <li>• Magnify the impact of CSR program: Enhance our CSR program by increasing the employee volunteering hours to 8 hours/Employee/Year</li> <li>• ESG Training man hours (man-hours/employee): 5 Man days per employee per year across all SGL Units</li> <li>• Safety: Achieve and sustain Zero LTIFR</li> <li>• Employee Retention rate year on year: 90% retention rate of employees in Management and Supervisory role</li> <li>• Building an Engaging working place for employees: 85% Achievement of Employee Engagement Score</li> <li>• Creating an opportunity to build equitable workplace that offers diversified workforce: Women in Management and Supervisory role to grow to 20% in SGL Units</li> </ul>								

		<p><b>Governance Goals at 2030</b></p> <ul style="list-style-type: none"> <li>Integrate technology for sustained operations: Production Efficiency 70% of improvement</li> <li>Supply Chain Assessment: Coverage of 80% critical supply chain partners for ESG assessment. Integrate ESG performance of critical supply chain partners in procurement decision-making for Shanthy Gears Limited</li> </ul> <p>SGL's ESG initiatives will reduce the organization's impact on environment, cultivate an engaged and inclusive team, this emphasizes the importance of having a workforce that is motivated and represents diverse backgrounds and perspectives.</p>																																																																
<p>6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</p>		<table border="1"> <thead> <tr> <th></th> <th>Parameter/Metric</th> <th>Target FY 30</th> <th>Achieved (FY 24 &amp; FY 25)</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Environmental Goals</b></td> </tr> <tr> <td>1</td> <td>Energy Intensity</td> <td>30%</td> <td>15% reduction</td> </tr> <tr> <td>2</td> <td>Renewable Energy</td> <td>75%</td> <td>45%</td> </tr> <tr> <td>3</td> <td>Water Intensity</td> <td>50%</td> <td>20% reduction</td> </tr> <tr> <td>4</td> <td>Waste Intensity</td> <td>50%</td> <td>27% reduction</td> </tr> <tr> <td colspan="4"><b>Social Goals</b></td> </tr> <tr> <td>5</td> <td>Magnify impact of CSR Program (Employee volunteering hours)</td> <td>8 Hours/Per employee/Year</td> <td>&lt;2 Hours/Year</td> </tr> <tr> <td>6</td> <td>ESG Training Hours</td> <td>5 Man Days/Per Employee/Year</td> <td>3 Man Days/Per Employee/Year</td> </tr> <tr> <td>7</td> <td>Safety</td> <td>Zero LTIFR</td> <td>Zero LTIFR</td> </tr> <tr> <td>8</td> <td>Employee Retention Rate</td> <td>90%</td> <td>82%</td> </tr> <tr> <td>9</td> <td>Employee Engagement Score</td> <td>85%</td> <td>78%</td> </tr> <tr> <td>10</td> <td>Diversified Workforce</td> <td>20%</td> <td>8%</td> </tr> <tr> <td colspan="4"><b>Governance Goals</b></td> </tr> <tr> <td>11</td> <td>Production Efficiency</td> <td>70%</td> <td>61%</td> </tr> <tr> <td>12</td> <td>Supply Chain ESG</td> <td>80%</td> <td>&lt;20%</td> </tr> </tbody> </table>		Parameter/Metric	Target FY 30	Achieved (FY 24 & FY 25)	<b>Environmental Goals</b>				1	Energy Intensity	30%	15% reduction	2	Renewable Energy	75%	45%	3	Water Intensity	50%	20% reduction	4	Waste Intensity	50%	27% reduction	<b>Social Goals</b>				5	Magnify impact of CSR Program (Employee volunteering hours)	8 Hours/Per employee/Year	<2 Hours/Year	6	ESG Training Hours	5 Man Days/Per Employee/Year	3 Man Days/Per Employee/Year	7	Safety	Zero LTIFR	Zero LTIFR	8	Employee Retention Rate	90%	82%	9	Employee Engagement Score	85%	78%	10	Diversified Workforce	20%	8%	<b>Governance Goals</b>				11	Production Efficiency	70%	61%	12	Supply Chain ESG	80%	<20%
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## Governance, Leadership, and Oversight

7.	<p><b>Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).</b></p>	<p>At SGL our decisions are driven by the five lights which comprise – Integrity, Passion, Quality, Respect and Responsibility.</p> <p>We hold a strong and enduring commitment to Environmental, Social, and Governance (ESG) principles, viewing them as essential pillars for sustainable growth, organizational resilience, and long-term stakeholder value. We recognize the interdependence of these dimensions and remain dedicated to fostering meaningful impact across our stakeholder ecosystem—including our employees, customers, investors, and the wider community.</p> <p>Climate change and its impact are critical to business, and SGL adopts a proactive stance in identifying, managing, and mitigating environmental and social impacts across its entire value chain. This includes a strategic focus on renewable energy adoption, rigorous monitoring and reduction of greenhouse gas emissions (GHG), and the enforcement of responsible sourcing practices through comprehensive ESG assessments of suppliers. The company also pursues continuous improvement initiatives to reduce waste generation and optimize resource usage across its operations.</p> <p>In addition to operational sustainability, SGL contributes to the global transition to a low-carbon economy through sustained investment in research and development, particularly in the fields of automation and renewable energy technologies. Our commitment to ESG is reinforced by ongoing evaluations to ensure full compliance with statutory and regulatory requirements, with timely submission of all required reports to relevant authorities.</p> <p>Through this integrated and forward-looking approach, SGL aims to drive sustainable growth while safeguarding environmental integrity, advancing social responsibility, and securing long-term value creation.</p>
8.	<p><b>Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</b></p>	<p>Name: Mr. M. Karunakaran          Designation: CEO &amp; Whole-time Director          DIN Number: 09004843          Contact Details:          Telephone Number: 0422-4545745          Email id: <a href="mailto:karunakaranm@shanthigears.murugappa.com">karunakaranm@shanthigears.murugappa.com</a></p>
9.	<p><b>Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.</b></p>	<p>Yes, the board of directors are responsible for decision making on sustainability related issues.</p>

### 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee									Frequency (Annually/Half yearly/ Quarterly/Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Board Committee									Quarterly								

Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Board Committee	Quarterly							
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Yes, as necessary.								

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

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

### Section C: Principle Wise Performance Disclosure

**PRINCIPLE 1: Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

#### Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentages of persons in respective category covered by the awareness programmes
Board of Directors (BoD)	10	Business Management, Corporate Governance, Risk Management, Technology & ESG	100
Key Managerial Personnel (KMPs)	3	Business Management, Corporate Governance, Risk Management, Technology & ESG	100
Employees other than BoD and KMPs	120	Occupational Health & Safety, Conservation of Energy, Water and Waste Reduction, ESG, Human Rights, POSH.	95

Workers	60	Occupational Health & Safety, Usage of PPE, Conservation of Energy, Water and Waste Reduction, ESG, activity based SOP's, Human Rights and POSH.	85
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**2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary & Non-Monetary					
Type	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
<b>a. Monetary</b>					
Penalty/Fine	Nil	Nil	Nil	Nil	NA
Settlement	Nil	Nil	Nil	Nil	NA
Compounding fee	Nil	Nil	Nil	Nil	NA
<b>b. Non-Monetary</b>					
Type	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)	
Imprisonment	Nil	Nil	Nil	NA	
Punishment	Nil	Nil	Nil	NA	

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

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

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

Shanthi Gears Limited places a strong emphasis on a solid governance framework rooted in ethical behavior and transparency. Maintaining ethical and legal conduct is a fundamental principle consistently upheld by the Board of Directors, Senior Management, and all employees. SGL actively fosters a culture that motivates stakeholders to engage in actions that align with these principles, thereby enhancing a favorable external image.

A detailed Code of Conduct regulates the behavior of Directors, Senior Management (including executives at the General Manager level and above), as well as those who report directly to the CEO and Company Secretary. This Code highlights the importance of acting in the Company's best interests while being cognizant of obligations to stakeholders, which is essential for sustainable success.

In the process of selecting value chain partners, SGL gives precedence to those who exhibit a dedication to ethical standards. Additionally, the Company implements a comprehensive strategy to ensure compliance with

these values: regular awareness initiatives and training sessions for employees, along with ongoing communication through various engagement platforms, keep all stakeholders well-informed.

URL: <https://www.shanthigears.com/policies/>

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

Category	FY 2024-25 Current Year	FY 2023-24 Previous Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

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

Topic	FY 2024-25 Current Year		FY 2023-24 Previous Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

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

Nil

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

Category	FY 2024-25 Current Year	FY 2023-24 Previous Year
Number of days of accounts payables	60	55

**9. Open-ness of business**

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

Parameter	Metrics	FY 2024-25 Current Year	FY 2023-24 Previous Year
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA

<b>Concentration of Sales</b>	a. Sales to dealers/distributors as % of total sales	16%	18%
	b. Number of dealers/distributors to whom sales are made	45	48
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributor	60%	64%
<b>Share of RPTs in</b>	a. Purchases (Purchases with related parties/Total Purchases)	0%	0%
	b. Sales (Sales to related parties/Total Sales)	2%	2%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	Nil	Nil
	d. Investments (Investments in related parties/Total Investments made)	Nil	Nil

## Leadership Indicators

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

Total number of awareness programmes held	Topics/principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
5	Occupational Safety, Employee wellbeing, Legal requirements, Climate change, GHG Protocols & Calculation, Social and Governance	A total of 103 value chain partners, contributing to 88% of total supply value, were invited to participate in ESG awareness programs. Out of these, 77 partners attended the sessions. The remaining partners are scheduled to be covered in the upcoming weeks, ensuring comprehensive engagement across the supply chain.

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

The Code of Conduct which exemplifies the company's commitment to upholding the principles of loyalty, honesty, and integrity is adhered by the Board of Directors. The Code emphasizes the importance of avoiding conflicts of interest and requires directors to abstain from any activities or associations that could create, or even appear to create, a conflict between their personal interests and the company's business interests.

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

### Essential Indicators

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

	FY 2024-25 Current Year	FY 2023-24 Previous Year	Details of improvements in environmental and social impacts
R&D	0.00%	0.00%	
Capex	₹ 4.33 crores (21%)	₹ 5.59 crores (37%)	<ul style="list-style-type: none"> <li>• <b>Ambient Air Quality Monitoring Station</b> – Installation of PM10 sensor system to monitor and ensure cleaner air around manufacturing premises.</li> <li>• <b>Admin Building Renovation &amp; Restroom Construction</b> – Enhanced office environment and sanitation for staff, improving health and comfort.</li> <li>• <b>Retrofitting of Inductotherm Furnace &amp; UPS System</b> – Reduced energy wastage and enhanced energy efficiency through advanced furnace upgrades and centralized power backup.</li> </ul>

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

Yes, Shanthi Gears Limited places strong emphasis on building a sustainable and ethically managed supply chain by promoting responsible sourcing practices across its network of vendors and service providers. The company actively advocates for alignment with globally accepted management systems, particularly those defined by ISO 9001 for quality management and ISO 14001 for environmental management.

Reaffirming its dedication to long-term sustainability, SGL initiated comprehensive ESG Supply Chain Program in the reporting Financial Year. This initiative will introduce rigorous Environmental and Social Responsibility (ESR) evaluations for all suppliers, further strengthening the company's position as a frontrunner in ethical and sustainable procurement.

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

Not Applicable

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

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

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

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

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

#### Leadership Indicators

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

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

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

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

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

Indicate input material	Recycled or re-used input material to total material	
	FY 2024-25 Current Year	FY 2023-24 Previous Year
Not Applicable	Not Applicable	Not Applicable

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

	FY 2024-25 Current Year			FY 2023-25 Previous Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable			Not Applicable		
E-waste						
Hazardous waste						
Other waste						

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

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

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

### Essential Indicators

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

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent employees</b>											
Male	245	245	100%	245	100%	0	0%	245	100%	0%	0%
Female	21	21	100%	21	100%	21	100%	0	0%	0%	0%
<b>Total</b>	<b>266</b>	<b>266</b>	<b>100%</b>	<b>266</b>	<b>100%</b>	<b>21</b>	<b>100%</b>	<b>245</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>
<b>Other than Permanent employees</b>											
Male	108	0	0%	108	100%	0	0%	0	0%	0	0%
Female	6	0	0%	6	100%	0	0%	0	0%	0	0%
<b>Total</b>	<b>114</b>	<b>0</b>	<b>0%</b>	<b>114</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

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

Category	% of workers covered by										
	Total (A)	Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent workers</b>											
Male	233	233	100%	233	100%	0	0%	233	100%	0	0%
Female	4	4	100%	4	100%	4	100%	0	100%	0	0%
<b>Total</b>	<b>237</b>	<b>237</b>	<b>100%</b>	<b>237</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>233</b>	<b>100%</b>	<b>0</b>	<b>0%</b>
<b>Other than Permanent workers</b>											
Male	797	0%	0%	797	100%	0	0%	0	0%	0	0%
Female	37	0%	0%	37	100%	0	0%	0	0%	0	0%
<b>Total</b>	<b>834</b>	<b>0%</b>	<b>0%</b>	<b>834</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

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

	FY 2024-25 Current Year	FY 2023-24 Previous Year
Cost incurred on wellbeing measures as a % of total revenue of the company	12.94%	13.64%

## 2. Details of retirement benefits.

Benefits	FY 2024-25 Current Year			FY 2023-24 Previous Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers Covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Other (Bonus)	100%	100%	Yes	100%	100%	Yes

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

Yes. Shanthi Gears Limited places a strong emphasis on accessibility across its operations. The company's corporate office buildings and manufacturing facilities are equipped with elevators, ramps, and other infrastructure to ensure inclusivity for individuals with diverse abilities. Furthermore, all SGL manufacturing units are equipped with wheelchairs in occupational health centers (OHCs), reflecting the company's commitment to providing a safe and accessible work environment for all.

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

Shanthi Gears Limited is committed to promoting equal opportunity for all. The company has implemented a company-wide policy across all its facilities that complies with the Rights of Persons with Disabilities Act of 2016. This policy is readily available to all employees on the company's internal portal, demonstrating the organization's dedication to fostering an inclusive work environment.

URL: <http://www.shanthigears.com/wp-content/uploads/2020/06/SGL-BRR-Policy-May-2020.pdf>

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

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Nil	Nil
Female	Nil	Nil	Nil	Nil
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>

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

	<b>Yes/No</b>	<b>(If Yes, then give details of the mechanism in brief)</b>
<b>Permanent Workers</b>	Yes, mechanism is available for receipt and redressal of grievances.	
<b>Other than Permanent Workers</b>		<p>Shanthi Gears Limited upholds its commitment to cultivating a transparent, equitable, and inclusive organizational culture through structured governance frameworks and proactive stakeholder engagement. The company has instituted a formal Whistle-blower Policy, designed to empower employees to report unethical practices or policy violations vide secure and confidential reporting mechanisms.</p> <p>Welfare Committee is constituted and functions as the primary body for addressing employee grievances, ensuring timely resolution and constructive feedback integration. Periodic stakeholder consultations—covering key themes such as the Prevention of Sexual Harassment (POSH), Union representation, workplace conditions, occupational health and safety, facility management, and internal communication—serve to institutionalize dialogue and reinforce mutual accountability.</p> <p>To enhance accessibility and procedural clarity, Shanthi Gears Limited has operationalized multiple grievance redressal channels, which included employee engagement surveys to report grievances. These mechanisms are uniformly deployed across all manufacturing units and are applicable to permanent, non-permanent employees, contract personnel, underscoring the organization’s commitment to non-discrimination, procedural fairness, and workforce inclusivity.</p> <p>This comprehensive framework ensures that employee voices are acknowledged and addressed systematically, reinforcing SGLs alignment with best practices in corporate ethics and social governance.</p>
<b>Permanent Employees</b>		
<b>Other than Permanent Employees</b>		

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

<b>Category</b>	<b>FY 2024-25 Current Year</b>			<b>FY 2023-24 Previous Year</b>		
	<b>Total employees/ workers in respective category (A)</b>	<b>No. of employees/ workers in respective category, who are part of association(s) or Union (B)</b>	<b>% (B/A)</b>	<b>Total employees/ workers in respective category (C)</b>	<b>No. of employees/ workers in respective category, who are part of association(s) or Union (D)</b>	<b>% (D/C)</b>
<b>Total Permanent Employees</b>	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
<b>Total Permanent Workers</b>	237	158	67%	248	167	67%
Male	233	154	66%	243	163	67%
Female	04	04	100%	05	04	80%

## 8. Details of training given to employees and workers:

Category	FY 2024-25 Current Year					FY 2023-24 Previous Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Permanent Employees</b>										
Male	245	245	100%	245	100%	220	220	100%	208	94%
Female	21	21	100%	21	100%	22	22	100%	21	95%
<b>Total</b>	<b>266</b>	<b>266</b>	<b>100%</b>	<b>266</b>	<b>100%</b>	<b>242</b>	<b>242</b>	<b>100%</b>	<b>229</b>	<b>95%</b>
<b>Permanent Workers</b>										
Male	233	233	100%	170	73%	243	243	100%	184	76%
Female	04	04	100%	04	100%	05	05	100%	05	100%
<b>Total</b>	<b>237</b>	<b>237</b>	<b>100%</b>	<b>174</b>	<b>73%</b>	<b>248</b>	<b>248</b>	<b>100%</b>	<b>189</b>	<b>76%</b>

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

Category	FY 2024-25 Current Year			FY 2023-24 Previous Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Permanent Employees</b>						
Male	245	176	72%	220	155	70%
Female	21	16	76%	22	16	73%
<b>Total</b>	<b>266</b>	<b>192</b>	<b>72%</b>	<b>242</b>	<b>171</b>	<b>71%</b>
<b>Permanent Workers</b>						
Male	233	190	82%	243	192	79%
Female	04	02	50%	5	2	40%
<b>Total</b>	<b>237</b>	<b>192</b>	<b>81%</b>	<b>248</b>	<b>194</b>	<b>79%</b>

## 10. Health and safety management system:

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

Yes, Shanthi Gears Limited has established a comprehensive Occupational Health and Safety Management System across all its manufacturing facilities. The entirety of the company's operations is encompassed within its Environmental and Occupational Health and Safety (EOHS) framework, which is certified in accordance with ISO 45001 (Occupational Health and Safety Management) and ISO 14001 (Environmental Management Systems). This comprehensive approach demonstrates SGL's commitment to maintaining a safe and environmentally responsible work environment.

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

Shanthi Gears takes a structured and proactive approach to ensure the identification, assessment, and mitigation of work-related hazards. The key processes involved include:

1. Hazard Identification and Risk Assessment (HIRA)
  - Regular hazard identification and risk assessments are conducted for all routine and non-routine activities.
  - Based on these assessments, risk reduction programs are implemented to eliminate or mitigate identified hazards.
  - Critical areas undergo assessments at predefined intervals (weekly, monthly, quarterly, and annually) to ensure continuous risk monitoring.
2. Multi-Layered Safety Audits
  - Internal leadership teams perform **safety audits** at all units.
  - **Annual safety audits** are conducted by external experts to validate compliance with industry best practices and regulations.
3. Workplace Inspections and Safety Walks
  - **Safety walks and reviews** are carried out by plant teams and safety professionals to proactively identify and eliminate unsafe acts and conditions.
  - **Preventive maintenance checklists and Daily machine autonomous check sheet** ensure the proper functioning of safety-critical components such as limit switches and sensors.
4. Employee Participation and SHE Committee Meetings
  - **Safety, Health, and Environment (SHE) Committee meetings** are held with equal participation from workers, management, and contractors.
  - These meetings facilitate open discussions on workplace hazards, near-misses, and risk mitigation strategies.
5. Work Permit System
  - A **strict work permit system** ensures that hazardous and non-routine tasks are executed only with proper authorization and adherence to safety protocols.
6. Digital Safety Interventions
  - SGL has implemented “**digital unsafe act and unsafe condition reporting system**” and an **online work permit system** through an EHS application.
  - This system will enable real-time hazard identification, tracking, and resolution, strengthening proactive risk management and improving workplace safety compliance.

By integrating the above stated structured processes, Shanthi Gears Limited ensures a **safe, compliant, and continuously improving workplace**. This approach demonstrates the company's unwavering commitment to employee safety, well-being, and operational excellence.

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

Yes, Shanthi Gears Limited (SGL) prioritizes a safe working environment by providing multiple channels for employees to report work-related hazards and remove themselves from unsafe conditions.

SGL EHS application was developed for the employees and workers to report incidents instantly on real-time basis, additionally workers can report hazards through EHS reporting cards, and participation in Safety Committee meetings.

The company has implemented a **Safety Steward Program**, empowering trained worker representatives to identify and escalate safety concerns. A structured investigation process is in place to assess reported hazards and implement corrective actions. Employees also have the right to refuse work if they perceive any imminent risk to their safety, demonstrating the company's commitment to worker well-being.

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

Yes, Shanthi Gears Limited (SGL) ensures that employees have access to non-occupational medical and healthcare services. The company's occupational health centres offer treatment for minor illnesses and non occupational injuries, with the support of factory medical officer and trained first-aid personnel. For more serious medical needs, employees are referred to hospitals and are covered under the company's medical insurance plan. Furthermore, SGL prioritizes employee well-being through periodic health check-ups and awareness programs. These initiatives demonstrate the company's commitment to providing comprehensive healthcare support, fostering a healthy and productive workforce.

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

Safety Incident/ Number	Category	FY 2024-25 Current Year	FY 2023-24 Previous Year
<b>Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)</b>	Employees	Zero Lost Time Injury	Zero Lost Time Injury
	Workers	Zero Lost Time Injury	Zero Lost Time Injury
<b>Total recordable work-related injuries</b>	Employees	Zero	Zero
	Workers	Zero	Zero
<b>No. of fatalities</b>	Employees	Zero	Zero
	Workers	Zero	Zero
<b>High consequence work-related injury or ill-health (excluding fatalities)</b>	Employees	Zero	Zero
	Workers	Zero	Zero

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

SGL's commitment for safe and healthy workplace is by placing the highest priority on providing a safe, healthy, and secure working environment for all employees, contractors, and stakeholders. The company adopts a holistic and structured approach to occupational health and safety (OHS), underpinned by strong leadership, employee participation, and continuous improvement.

- **Leadership Engagement:** Senior management demonstrates visible commitment by regularly reviewing the implementation and effectiveness of safety management systems, ensuring alignment with organizational objectives and regulatory standards.
- **Structured Safety Framework:** A comprehensive suite of safety protocols governs all operational processes. These include routine safety inspections, risk and hazard assessments, and tailored training modules designed for all categories of employees.
- **Safety first and 5S Culture Awareness:** SGL promotes a safety-first and 5S culture through continuous communication campaigns, targeted training sessions, and employee recognition programs that reinforce ownership and accountability in safe and clean practices.
- **Proactive Risk Management:** Employees are actively encouraged to report unsafe conditions, near misses, and potential hazards through formal reporting mechanisms, enabling timely corrective and preventive actions.
- **Preventive Maintenance:** All machinery, equipment, and infrastructure undergo systematic preventive maintenance and safety checks to ensure operational integrity and minimize risk.
- **Emergency Preparedness:** The company maintains robust emergency response protocols, including well-structured plans, periodic drills, and simulation exercises covering scenarios such as fires, chemical spills, and medical incidents to enhance response capability.
- **Continuous Monitoring:** Regular safety patrols, workplace walkthroughs, and toolbox talks facilitate real-time identification and mitigation of safety risks across operations.
- **Independent Evaluations:** Internal and external safety audits are conducted periodically to assess compliance, identify gaps, and implement corrective actions as part of the continuous improvement process.
- **Emergency Response Readiness:** Fire drills and mock evacuation exercises are conducted routinely to ensure employee preparedness and coordination during emergency situations.

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

Category	FY 2024-25 Current Year			FY 2023-24 Previous Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	2450	None	SGL's encourages employees & workers to proactively report unsafe act & conditions and near misses.	2524	None	-
Health and safety						

## 14. Assessments for the year

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

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

As part of our ongoing safety improvement efforts to proactively reduce safety-related incidents and address significant risks identified through assessments of health and safety practices and working conditions, the following corrective and preventive actions were implemented:

- **Secondary containment** provided for conventional machines and chemical storage areas to prevent land contamination from potential leaks.
- **Double earthing** ensured for all machines and furnaces to minimize electrical hazards.
- **Non-sparking tools** introduced for handling flammable barrels to prevent ignition risks.
- **Fire alarm systems** with heat detectors, manual call points (MCPs), hooters, and strobe lights installed in high-risk zones.
- **GOBO projector systems** deployed in critical areas like Heat Treatment and Foundry to reinforce PPE compliance and safety awareness.
- **Clean agent extinguishers** installed in key electrical and server panels to enable immediate fire suppression.
- **Incident investigation and analysis** conducted for all accidents and near misses, with root causes identified and corrective actions implemented to prevent recurrence.
- **Digital tools**, including incident reporting and work permit systems, have been introduced to monitor safety performance, streamline workflows, and enhance incident response and tracking.

These measures reflect our proactive approach to hazard control, emergency preparedness, and the continuous strengthening of workplace safety standards.

## Leadership Indicators

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

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

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

### 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Not Applicable.

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

Category	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024-25 Current Year	FY 2023-24 Previous Year	FY 2024-25 Current Year	FY 2023-24 Previous Year
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

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

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

### 5. Details on assessment of value chain partners:

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

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

Value Chain Partners assessment was initiated during the reporting period.

**PRINCIPLE 4: Business should respect the interests of and be responsive to all its stakeholders.**

**Essential Indicators**

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

Shanthi Gears Limited adopts a participative approach in formulating its sustainability and corporate strategies, emphasizing active stakeholder involvement. The organization engages diverse stakeholder groups through a holistic communication framework that encompasses both structured interactions—such as supplier dialogues, stakeholder engagement sessions, and investor briefings—and informal methods like feedback surveys, community initiatives, and dealer meets.

This inclusive engagement enables the company to assess and address critical social, environmental, and economic priorities that influence both its operations and stakeholder expectations. SGL identifies its stakeholders, including employees, business collaborators, suppliers, channel partners, customers, investors, local communities, and regulatory bodies as integral contributors to its growth and responsibility agenda.

By encouraging transparent dialogue and embracing varied stakeholder insights, the company aligns its strategic direction with sustainable development goals, fostering long-term value creation for all involved.

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Digital platforms and social media, Retail outlets and Customer satisfaction survey	Regular	<ul style="list-style-type: none"> <li>• <b>Excellence in Quality and Service:</b> Adherence to high quality standards ensures reliable and consistent product and service performance</li> <li>• <b>Customer Satisfaction Focus:</b> Continuous improvement driven by timely delivery, responsive support, and proactive feedback management</li> </ul>
Local communities	No	Corporate social responsibility initiatives	Regular	<ul style="list-style-type: none"> <li>• Commitment to environmental sustainability</li> <li>• Rural development initiatives</li> <li>• Enhanced access to healthcare and education</li> </ul>
NGO partners	No	Corporate social responsibility initiatives	Regular	<ul style="list-style-type: none"> <li>• Commitment to environmental sustainability</li> <li>• Rural development initiatives</li> </ul>
Investors	No	Investor calls/presentations, press releases and publications, Statutory reports, Annual General Meeting, Stock Exchange announcements	Regular	<ul style="list-style-type: none"> <li>• Earnings and fiscal outcomes</li> <li>• Operational developments and milestones</li> <li>• Expansion strategies and innovation roadmap</li> <li>• Environmental, social, and governance (ESG) performances</li> </ul>
Regulators	No	Mandatory compliance reports; regular factory visits	Regular	<ul style="list-style-type: none"> <li>• Statutory compliance requirements, governance, social, environmental</li> </ul>

<b>Suppliers</b>	No	Supplier engagements – visits & meetings	Regular	<ul style="list-style-type: none"> <li>• Capacity Building on ESG</li> <li>• Sustainable practices in procurement</li> <li>• Quality conscious products &amp; services</li> </ul>
<b>Employees</b>	No	Internal communication platform, Digital learning platforms, Career progression programs, Engagement initiatives, Talent Management Engine	Regular	<ul style="list-style-type: none"> <li>• Performance-driven culture</li> <li>• Workforce growth &amp; talent retention</li> <li>• Strategic and sustainable goal alignment</li> <li>• Skill development initiatives</li> <li>• Collaborative &amp; Positive employee relations</li> <li>• Health, safety &amp; secure workplace</li> </ul>

## Leadership Indicators

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

Shanthi Gears Limited has adopted an integrated communication framework to facilitate stakeholder interaction with the Board. This diversified approach employs a blend of structured and unstructured communication channels. Structured avenues include online portals, regulatory/statutory filings, and internal training resources. The company also ensures that key issues and updates are routinely communicated to the Board through established pathways, ensuring clarity, transparency, and continuity in information exchange.

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

Yes, SGL understands and recognizes the importance of stakeholder engagement in determining key sustainability priorities, commonly referred to as material issues. Through meaningful dialogue with a broad spectrum of stakeholder groups, the company obtains valuable insights into their expectations and concerns. This inclusive approach enables Shanthi Gears to shape a sustainability strategy that focuses on the issues most significant to its stakeholders. Furthermore, the company has outlined a structured action plan and strategic roadmap to effectively address these priorities and align with stakeholder interests.

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

Shanthi Gears Limited, a valued member of the esteemed Murugappa Group, carries forward a longstanding commitment to corporate social responsibility (CSR), with a strong emphasis on supporting marginalized, disadvantaged, and vulnerable segments of society where we operate. The company embraces a participatory approach, working closely with community stakeholders to understand and address their critical needs. Its CSR initiatives are strategically aligned with key impact areas, particularly environmental sustainability, rural development and healthcare, to drive long-term social transformation.

Underscoring its commitment to inclusive development, SGL allocates a defined share of its profits toward CSR programs. In the current financial year, the company executed several impactful projects, including:

**Environmental Sustainability:** Shri. A.M.M. Murugappa Chettiar Research Centre - Green Energy for Rural India. Development on Enzymes and novel application of natural products for health and daily life. This fund facilitates innovative studies in environmental sustainability, covering critical themes such as environmental cleanliness, ecosystem diversity, and climate change

**Rural Development:** Sponsored two E-Vehicles for Garbage Collection and movement. Supply of 150 LED Streetlights for Muthalpalayam, Sulur, Coimbatore District, Tamil Nadu, India.

**Healthcare:** Sponsoring Blood Storage Rack for Primary Health Centre for the benefit of Pregnant Ladies - Semmipalayam, Palladam, Tirupur District, Tamil Nadu, India.

## PRINCIPLE 5: Businesses should respect and promote human rights.

### Essential Indicators

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

Category	FY 2024-25 Current Year			FY 2023-24 Previous Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	266	266	100%	242	242	100%
Other than permanent	114	0	0%	144	0	0%
<b>Total employees</b>	<b>380</b>	<b>266</b>	<b>70%</b>	<b>386</b>	<b>242</b>	<b>63%</b>
<b>Workers</b>						
Permanent	237	0	0%	248	0	0%
Other than permanent	834	0	0%	911	0	0%
<b>Total workers</b>	<b>1071</b>	<b>0</b>	<b>0%</b>	<b>1159</b>	<b>0</b>	<b>0%</b>

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

Category	FY 2024-25 Current Year					FY 2023-24 Previous Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	266	0	0%	266	100%	242	0	0%	242	100%
Male	245	0	0%	245	100%	220	0	0%	220	100%
Female	21	0	0%	21	100%	22	0	0%	22	100%
<b>Other than Permanent</b>	114	0	0%	114	100%	144	0	0%	144	100%
Male	108	0	0%	108	100%	136	0	0%	136	100%
Female	6	0	0%	6	100%	8	0	0%	8	100%
<b>Workers</b>										
<b>Permanent</b>	237	0	0%	237	100%	248	0	0%	248	100%
Male	223	0	0%	223	100%	243	0	0%	243	100%
Female	4	0	0%	4	100%	5	0	0%	5	100%
<b>Other than Permanent</b>	834	0	0%	834	100%	911	0	0%	911	100%
Male	797	0	0%	797	100%	857	0	0%	857	100%
Female	37	0	0%	37	100%	54	0	0%	54	100%

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

#### a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	8	4,36,692	1	7,40,000
Key Managerial Personnel	3	48,61,195	0	-
Employees other than BoD and KMP	268	8,18,160	23	8,10,285
Workers	225	7,63,516	4	7,51,241

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

	FY 2024-25 Current Year	FY 2023-24 Previous Year
Gross wages paid to females as % of total wages	100%	100%

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

Shanthy Gears Limited remains firmly dedicated to safeguarding human rights across all aspects of its business operations. To uphold this principle, the company has implemented a comprehensive governance structure. This includes the formation of a designated Internal Complaints Committee (ICC) in compliance with the Prevention of Sexual Harassment (POSH) Act, alongside the proactive involvement of the Human Resources team. Together, the ICC and HR department collaborate closely to identify, address, and resolve any human rights concerns or impacts linked to the company's activities or operations.

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

Shanthy Gears Limited follows a systematic and forward-looking approach to handling customer feedback. Through its Management Information System (MIS), customer complaints are efficiently monitored and documented, enabling prompt escalation to the Customer Grievance Redressal Committee for comprehensive evaluation and resolution.

In addition to its customer-centric focus, SGL actively addresses human rights issues. The company's comprehensive POSH (Prevention of Sexual Harassment) policy provides a robust framework for handling any complaints related to workplace harassment, demonstrating its commitment to upholding the rights and dignity of its employees and workers.

SGL's 'Whistle-blower Policy' and Code of Conduct set forth clear procedures for establishing and operating investigative committees. These measures uphold principles of transparency, ethical responsibility, and accountability in managing all reported matters.

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

	FY 2024-25 Current Year			FY 2023-24 Previous Year		
	Filed during the year	Pending Resolution at the end of year	Remarks	Filed during the year	Pending Resolution at the end of year	Remarks
Sexual Harassment	Zero	Nil	Nil	Zero	Nil	Nil
Discrimination at workplace	Zero	Nil	Nil	Zero	Nil	Nil
Child Labour	Zero	Nil	Nil	Zero	Nil	Nil
Forced Labour/ Involuntary Labour	Zero	Nil	Nil	Zero	Nil	Nil
Wages	Zero	Nil	Nil	Zero	Nil	Nil
Other human rights related issues	Zero	Nil	Nil	Zero	Nil	Nil

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

	FY 2024-25 Current Year	FY 2023-24 Previous Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Zero	Zero
Complaints on POSH as a % of female employees/workers	Zero	Zero
Complaints on POSH upheld	Zero	Zero

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

Shanthi Gears Limited is steadfastly committed to the upholding of ethical and legal business conduct throughout its operations. Concomitantly, the organization places a strong emphasis on fostering a culture of open communication amongst its stakeholders.

To effectively realize these core organizational objectives, the Company has implemented a comprehensive policy framework encompassing several key elements, as detailed below:

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

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

Yes, Shanthi Gears Limited places a strong emphasis on human rights, making it an integral component integrated into its business agreements and contracts.

### 10. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
<b>Child labour</b>	The Company has established a comprehensive mechanism to assess and address key elements of its business responsibility, including the evaluation of child/forced labor, sexual harassment, workplace discrimination, and wage-related matters.
<b>Forced/involuntary labour</b>	
<b>Sexual harassment</b>	
<b>Discrimination at workplace</b>	All the plants and offices are assessed at defined intervals.
<b>Wages</b>	During the reporting period there were no concerns/complaints on all these parameters.

### 11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

There were no significant risks were identified. Consequently, no corrective action was required to be taken.

### Leadership Indicators

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

Not Applicable

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

Not Applicable

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

Shanthi Gears Limited is dedicated to promote an inclusive and equitable workplace for everyone. As part of this commitment, the company ensures that its operational sites, corporate offices, and manufacturing facilities are equipped to accommodate individuals with disabilities, providing accessible infrastructure for employees, workers, and visitors alike.

To achieve this, SGL has implemented several key measures:

- **Physical Accessibility:** The company's facilities feature ramps, sidewalks, and elevators, along with all necessary infrastructure to facilitate easy access for people with disabilities.
- **Assistive Communication:** Signage throughout the facilities caters to employees and workers who use hearing aids, enabling effective communication.
- **Mobility Support:** Wheelchairs are readily available in the Occupational Health Centers located across all of SGL units, providing necessary mobility assistance.

#### 4. Details on assessment of value chain partners:

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
<b>Sexual harassment</b>	Shanthy Gears Limited has initiated the development of a structured Sustainable Supply Chain Program to assess the environmental, social, and governance (ESG) practices of its suppliers. In FY 2024–25, 88% of value chain partners (by value of business done) were identified as top contributors and were sensitized on Shanthy Gears' value chain assessment framework, ESG goals, and sustainability commitments. Formal assessments of these partners are planned for completion in the next financial year, based on defined ESG criteria and compliance requirements.
<b>Discrimination at workplace</b>	
<b>Child labour</b>	
<b>Forced/involuntary labour</b>	
<b>Wages</b>	
<b>Others – please specify</b>	

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

Not Applicable

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

#### Essential Indicators

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

<b>Parameter</b>	<b>FY 2024-25 Current Year</b>	<b>FY 2023-24 Previous Year</b>
<b>From renewable sources</b>		
Total electricity consumption (A)	Not Applicable	Not Applicable
Total fuel consumption (B)	Not Applicable	Not Applicable
Energy consumption through other sources (C)	33,094 GJ (Wind) 295.4 GJ (Solar)	36,604.54 GJ (Wind)
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>33,389.34 GJ</b>	<b>36,604.54 GJ</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	41,019.18 GJ	34,251.7 GJ
Total fuel consumption (E)	6,498.19 GJ	6,304.67 GJ
Energy consumption through other sources (F)	Not Applicable	Not Applicable
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>47,517.37 GJ</b>	<b>40,556.37 GJ</b>
<b>Total energy consumed (A+B+C+D+E+F)</b>	<b>80,906.71 GJ</b>	<b>77,160.91 GJ</b>
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	0.0000134	0.0000144
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP) (GJ/INR)	0.0000028	0.0003230
Energy intensity in terms of physical output	Not Applicable	Not Applicable
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

#### Note:

The intensity calculations for FY 2023-24 have been reinstated for the adjusted revenue in terms of PPP.

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

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

(Y/N) If yes, name of the external agency. - No

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

Not Applicable

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

Parameter	FY 2024-25 Current Year	FY 2023-24 Previous Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	Nil	
(ii) Groundwater	28,765.06 KL	25,084.66 KL
(iii) Third party water (Municipal water supplies)	13,986.18 KL	14,259.89 KL
(iv) Seawater/desalinated water	Nil	Nil
(v) Others (Rainwater storage)	Nil	Nil
<b>Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)</b>	42,751.2 KL	39,344.55 KL
<b>Total volume of water consumption (in kiloliters)</b>	42,751.2 KL	39,344.55 KL
<b>Water intensity per rupee of turnover</b> (Total water consumption/ Revenue from operations)	0.0000071	0.0000073
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total water consumption/Revenue from operations adjusted for PPP) (KL/INR)	0.0001461	0.0001647
<b>Water intensity</b> in terms of physical output	Not Applicable	Not Applicable
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity	-	-

Note:

The intensity calculations for FY 2023-24 have been reinstated for the adjusted revenue in terms of PPP. Intensity in terms of physical output is not applicable as our units manufacture diverse range of products measured in numbers, each varying in size and tonnage.

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

4. Provide the following details related to water discharged:

Parameter	FY 2025 Current Year	FY 2024 Previous Year
<b>Water discharge by destination and level of treatment (in kilo liters)</b>		
(i) To Surface water	Nil	Nil
- No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater	Nil	Nil
- No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater	Nil	Nil
- No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil

(iv) Sent to third parties	Nil	Nil
- No treatment (Water sent for treatment to Central Effluent Treatment Plant)*	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
- No treatment	Nil	Nil
With treatment – Tertiary treatment	Nil	Nil
<b>Total water discharged (in kilo liters)</b>	Nil	Nil

**Note:**

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

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

Water usage is designed to be used optimally and used water in the processes are treated as per the regulatory requirements. Shanthi Gears emphasizes its commitment to environmental sustainability by operating sewage treatment facilities that repurposes treated water for gardening. This practice helps conserve resources and minimizes environmental effects. Furthermore, the company has obtained the required permits from the state pollution control board, guaranteeing that its operations and water usage adhere to all regulations.

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

Parameter	Please specify unit	FY 2024-25 Current Year	FY 2023-24 Previous Year
NOx	mg/m3	15.25	15.73
SOx	mg/m3	7.97	8.22
Particulate matter (PM2.5)	mg/m3	21.63	21.18
Particulate matter (PM10)	mg/m3	43.33	42.22
Persistent organic pollutants (POP)	NA	N/A	N/A
Volatile organic compounds (VOC)	NA	<0.1	<0.1
Hazardous air pollutants (HAP)	mg/m3	N/A	N/A

**Note:**

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. – No, external agency.

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

Parameter	Unit	FY 2024-25 Current Year	FY 2023-24 Previous Year
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	473.21	395.4
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	8,288.15	7,868.4
<b>Total Scope 1 and Scope 2 emissions</b>	Metric tons of CO2 equivalent	8,761.37	8,263.77

<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)	Metric tons of CO2 equivalent/turnover in INR	0.000001449	0.000001542
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP) (MT/INR)	-	0.0000299	0.0000346
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>	-	Not Applicable	Not Applicable
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

**Note:**

The intensity calculations for FY 2023-24 have been reinstated for the adjusted revenue in terms of PPP & In scope 1 emissions, diesel consumed in operations is reported

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No, external agency

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

- **Renewable Energy** Shanthi Gears continues its clean energy journey by harnessing 6.66 MW from wind turbines and 190 kW of rooftop solar installations to support in-house manufacturing. Plans are underway to scale up roof top solar capacity, reinforcing our commitment to enhance renewable energy sources in our consumption.
- **Energy Efficiency Measures and Smarter Machinery:** Newly installed machines are with energy-efficient features integrated for optimized performance.
- **Lighting Optimization:** Replaced conventional fixtures with LEDs and enhanced use of natural daylight across facilities, significantly curbing electricity usage.

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

Parameter	FY 2024-25 Current Year	FY 2023-24 Previous Year
<b>Total Waste generated (in metric tons)</b>		
Plastic waste (A)	22.07	24.79
E-waste (B)	1.02	0.12
Bio-medical waste (C)	0.046	0.0151
Construction and demolition waste (D)	-	-
Battery waste (E)	1.85	5.00
Radioactive waste (F)	Not Applicable	Not Applicable
Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand + Filter bags etc. (G)	230.27	256.03
Other Non-hazardous waste generated (H). MS Scrap + Aluminum scrap (Break-up by composition i.e., by materials relevant to the sector)	5,269.15	6,464.35
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>5,524.41</b>	<b>6,750.38</b>
<b>Waste intensity per rupee of turnover</b> (Total waste generated/Revenue from operations)	<b>0.00000091</b>	<b>0.00000126</b>

<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated/Revenue from operations adjusted for PPP) (MT/ INR)	0.00001888	0.00002826
<b>Waste intensity</b> in terms of physical output	Not Applicable	Not Applicable
<b>Waste intensity (optional)</b> – the relevant metric may be selected by the entity	-	-

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

<b>Category of waste</b>		
(i) Recycled	215.08	170.10
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	-	-

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

<b>Category of waste*</b>		
(i) Incineration	0.046	0.051
(ii) Landfilling	-	-
(iii) Other disposal operations	48.11	85.93
<b>Total</b>	48.16	85.98

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

Shanthi Gears focuses on minimizing waste by implementing a thorough 3R (Reduce, Reuse, Recycle) initiative across all divisions. This initiative relies on a strong environmental management system (EMS) that details operational control processes for waste management, separation, storage, and safe disposal.

All employees are trained to recognize biodegradable, non-biodegradable, and hazardous waste streams to ensure proper waste management. This guarantees secure separation and movement to assigned storage locations without leaks.

Shanthi Gears collaborates with approved waste handlers to ensure responsible waste management, incorporating recycling and co-processing when feasible. For hazardous waste, we secure the required permissions from the State Pollution Control Boards to guarantee safe and compliant disposal of designated amounts.

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

None of Shanthi Gears' plants and offices are situated in ecologically sensitive areas, hence the same is not applicable.

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

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

No new projects were undertaken or implemented during the current financial year hence the same is not applicable.

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

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

Yes, Shanthi Gears is compliant with all the applicable environmental laws and regulations.

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

## Leadership Indicators

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

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

- Name of the area: Not Applicable
- Nature of operations: Not Applicable
- Water withdrawal, consumption, and discharge in the following format: Not Applicable

Parameter	FY 2024-25 Current Year	FY 2023-24 Previous Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater/desalinated water	NA	NA
(v) Others	NA	NA
<b>Total volume of water withdrawal (in kilolitres)</b>	NA	NA
<b>Total volume of water consumption (in kilolitres)</b>	NA	NA
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	NA	NA
<b>Water intensity (optional) – the relevant metric may be selected by the entity</b>	NA	NA

**Water discharge by destination and level of treatment (in kilolitres)\***

(i) Into Surface water	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third parties	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>	NA	NA

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

Parameter	Unit	FY 2024-25 Current Year	FY 2023-24 Previous Year
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	-	-
<b>Total Scope 3 emissions per Crore of turnover</b>		-	-
<b>Total Scope 3 emission intensity (optional)</b> – the relevant metric may be selected by the entity		-	-

We have established a GHG accounting framework (Scope 1 & 2) and working towards accounting of value chain emissions (Scope-3).

**Note:**

**Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?**

**(Y/N) If yes, name of the external agency.** - No, external agency

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

Not Applicable

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

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable energy	SGL added 190-Kilowatt Roof Top Solar Power Project in our C-Unit	As part of its commitment to sustainable energy practices, Shanthy Gears Limited (SGL) added a 190 kWp rooftop solar power project, increasing the share of renewable energy in its overall energy mix. Currently, 45% of SGL's total energy consumption is sourced from renewable energy. Further expansion of rooftop solar capacity is planned in the next financial year, reinforcing the company's focus on transitioning to cleaner and more sustainable energy solutions.
2.	Energy efficiency	LED Street lights installation and continuation of day light saving measures observed in most of shop floor areas Internal Energy Audits	To enhance energy efficiency, energy-efficient LED streetlights were installed across the C& D-Unit. The new LEDs offer higher brightness, longer life, and lower power consumption, contributing to both cost savings and improved workplace lighting conditions.  Daylight saving measures are actively followed. Natural lighting is maximized by reducing artificial light usage in well-lit areas. Certain work schedules are aligned to daylight availability, and employees are trained to switch off lights when not needed, promoting an energy-conscious culture.  7% reduction in energy intensity compared to the previous financial year, demonstrating the impact of continuous energy-saving measures and operational efficiency improvements.
3.	Water efficiency	Shanthy Gears continues to implement focused initiatives to promote responsible water usage and enhance sustainability across its operations.	To reduce raw water consumption in canteen, Shanthy Gears implemented several operational changes & process improvements. These include installing low-flow taps, optimizing water use in dishwashing, reusing rinse water, and training staff on water-saving practices. These steps have led to a noticeable drop in daily water usage without affecting hygiene or efficiency.

			<p>Treated water from the in-house Sewage Treatment Plant (STP) is reused for gardening and landscaping. This helps conserve freshwater and ensures proper disposal of treated effluent. Regular monitoring is carried out to ensure the water meets quality standards for horticultural use.</p> <p>Connection lines for Rainwater harvesting systems have been installed in Unit C, following the successful setup in Unit D. Rainwater collected from rooftops in certain areas and is used for cooling towers, gardening and fire water tanks. This reduces dependence on municipal and bore well water and supports groundwater recharge.</p>
4.	Waste Management	Shanthi Gears continues to implement focused initiatives to promote responsible waste reduction and resource efficiency	<p>Damaged wooden pallets are reworked and reused for internal material movement, reducing wood waste. Wooden waste bins have been replaced with converted metal bins in phased manner, minimizing disposable wood usage. Additionally, an oil reconditioning unit was commissioned, enabling the reuse of industrial oil and significantly reducing hazardous waste disposal. These steps reflect the company's commitment to sustainable and circular waste management practices. A part quantity of waste sand generated from foundry operations is now sent to an authorized recycler, significantly reducing disposal and promoting sustainable waste handling practices. These combined efforts have contributed to an overall 17% reduction in total waste generation compared to the previous financial year.</p>

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

Shanthi Gears is in the process of developing a disaster management plan.

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

Not Applicable

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

Focusing on sustainability throughout the supply chain, Shanthi Gears Limited (SGL) has initiated training programs for the suppliers and is also in the process of establishing the assessment criteria to evaluate the social and environmental activities of our suppliers. The business is now classifying suppliers using a criticality matrix in order to give these assessments priority.

**8. How many Green Credits have been generated or procured:****a. By the listed entity:**

Nil

**b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners:**

Nil

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

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

Shanthy Gears Limited is a part of 7 associations.

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

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

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

Not Applicable

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

Sl. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web Link, if available

The company does not have separate advocacy policy in place. The company collaborates with Industry associations to advocate public policy.

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.****Essential Indicators****1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

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

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

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

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

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

Not Applicable

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

Parameter	FY 2024-25 Current Year	FY 2023-24 Previous Year
Directly sourced from MSMEs/small producers	41%	36%
Sourced directly from within the district and neighbouring districts	29%	25%

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

Location	FY 2024-25 Current Year	FY 2023-24 Previous Year
Rural	NIL	NIL
Semi-urban	NIL	NIL
Urban	NIL	NIL
Metropolitan	NIL	NIL

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

## Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
	Not Applicable

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

State	Aspirational District	Amount Spent (in ₹)
Tamil Nadu, India	Coimbatore	1.72 Crores

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

No

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

Not Applicable

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

Not Applicable

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

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

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

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

**6. Details of beneficiaries of CSR Projects:**

<b>S. No.</b>	<b>CSR Projects</b>	<b>No. of persons benefited from CSR Projects 2024-25</b>	<b>% of beneficiaries from vulnerable and marginalized groups</b>
1	Shri.A.M.M.Murugappa Chettiar Research Centre Green Energy for Rural India - Research and Development on enzymes and novel application of natural products for health and daily life.	0	-
2	Two E-Vehicle for Garbage Waste collection & 150 LED Street lights - Muthalipalayam Village Panchayat, Suler, Coimbatore District, Tamil Nadu, India	5,000	12.08%
3	Saplings plantation with borewell water supply & fencing in vacant Land, Arasur Village, Suler, Coimbatore District, Tamil Nadu, India	25,000	60.39%
4	Blood storage rack for pregnant Ladies Use in Primary Health Centre, Block Medical Officer, Semmipalayam, Palladam, Tirupur District, Tamil Nadu, India	300	0.72%
5	Renovation of the lake/ground leveling & Borewell provision, K. Krishnapuram Village Panchayat, Palladam, Tirupur District, Tamil Nadu, India	100	0.24%
6	Renovation of park and sapling plantation drive, Mylapatti Panchayat, Suler, Coimbatore District, Tamil Nadu, India	1,000	2.42%
7	Saplings plantation – Palladam Block, Tirupur District, Tamil Nadu, India	10,000	24.15%
	<b>Total</b>	<b>41,400</b>	<b>100%</b>

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner.****Essential Indicators****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Customer complaints received by Shanthi Gears' marketing team are promptly routed to the Quality Department via the company's online portal. Upon receipt, the complaint is systematically shared with all relevant stakeholders to enable a coordinated response to the customer within seven days.

The resolution timeline varies depending on the complexity and severity of the issue. On average, Shanthi Gears takes approximately 29 days to fully investigate, address, and close a customer complaint.

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

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

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

	FY 2024-25 Current Year		Remarks	FY 2023-24 Previous Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	0
Unfair Trade Practices	0	0		0	0	0
Other	112	0	100% resolution	143	0	0

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

	Number	Reasons for recall
Voluntary recalls	0	
Forced recalls		

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

SGL does not have a formal policy in place but adheres to its requirements.

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

Not Applicable

**7. Provide the following information relating to data breaches:**

- a. Number of instances of data breaches - 0
- b. Percentage of data breaches involving personally identifiable information of customers - 0
- c. Impact, if any, of the data breaches - 0

### Leadership Indicators

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

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

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

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

Shanthi Gears remains firmly committed to delivering genuine, high-quality products that consistently meet the precise expectations of its discerning customers. To uphold this commitment, each product undergoes stringent quality inspections at every stage of the production lifecycle, ensuring alignment with the highest industry standards.

The company has also established comprehensive Standard Operating Procedures (SOPs) aimed at fostering continuous process improvement and proactively addressing potential issues. In addition, Shanthi Gears ensures full compliance with the Legal Metrology Act by clearly labeling all products with essential information, thereby supporting the safe and responsible use of its offerings by customers.

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

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

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

Shanthi Gears ensures full compliance with Indian legal requirements, including the provisions of the Legal Metrology Act, through the clear and comprehensive labeling of all its products. Furthermore, the Company goes above and beyond the minimum requirements by providing additional information that helps customers better understand, utilize, and maintain the products they have purchased.

# Corporate Governance Report





# ANNEXURE H TO THE BOARD'S REPORT

## Report On Corporate Governance

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

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

### Board of Directors

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

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

Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Arun Venkatachalam retires by rotation placed for the shareholders approval in the 52<sup>nd</sup> Annual General Meeting. Mr. M Karunakaran is the CEO cum Whole-time Director (Executive) of the Company.

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

Members had approved the appointment of Mr. L Ramkumar, Ms. Soundara Kumar, Dr. S K Sundararaman and Mr. A Venkataramani 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 Directors 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: <https://www.shanthigears.com/wp-content/uploads/2025/04/Terms-and-Conditions-of-appointment-of-Independent-Directors.pdf>

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

A certificate from Practicing Company Secretary as required under Listing Regulations confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or

continuing as Director of the Company by SEBI/Ministry of Corporate Affairs or any such Statutory Authority is enclosed as Annexure B to this Report.

On their appointment, Independent Directors are familiarized about the Company's operations and businesses. As part of the familiarization programme, a handbook is provided to all Directors including Independent Directors at the time of appointment. The hand book provides a snapshot to the Directors of their duties and responsibilities, rights, appointment process and evaluation, compensation, Board Procedure and stakeholders' expectations. The handbook also provides the Directors with insight into the Group's practice.

The details of familiarization programme for Independent Directors is given at the Company's website: <https://www.shanthigears.com/wp-content/uploads/2025/04/Familiarization-programme-for-Independent-Directors.pdf>

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

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

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

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

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

There were five meetings of the Board during the financial year 2024-25. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors as on 31<sup>st</sup> March 2025 are given in Table 1 of the Annexure A to this Report.

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

### **Audit Committee**

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

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

The quarterly financial results are placed before the Audit Committee for its review, suggestions and recommendations, before taking the same to the Board. The Statutory audit plans and progress are shared with the Committee for its review. The internal audit plans are drawn up in consultation with Chief Executive Officer and Chief Financial Officer and the Audit Committee. The Committee reviews the observations of the internal auditor periodically. The Committee also

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

The Committee met four times during the year ended 31<sup>st</sup> March 2025. 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 is in accordance with the requirement of Section 178 of the Companies Act, 2013 and the Schedule II Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The scope of the Committee includes (a) identify/recommend to the Board persons qualified to become Directors and for appointment in senior management (b) formulate criteria for evaluation of Independent Directors and the Board (c) devise Board diversity policy and (d) formulate criteria relating to Directors and recommend remuneration policy relating to Directors, key managerial personnel and other employees.

The Committee met three times during the year ended 31<sup>st</sup> March 2025. Ms. Soundara Kumar, a Non-Executive Independent Director, is the Chairperson 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.

### **Senior Management**

Mr. N Saravana Prakash, BU Head and Mr. M Paranidaran, BU Head were the Senior Management Personnel since the closure of previous financial Year. During the financial year Mr. M Paranidaran was transferred to TIID – Industrial Chains thereby Mr. A Sultan Ibrahim was appointed as BU Head w.e.f 19<sup>th</sup> August, 2024 and Mr. Suresh P L was appointed as Head Technology w.e.f 02<sup>nd</sup> December, 2024 as Senior Management of the company.

### 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<sup>st</sup> March 2025 is given in Table 4 of the Annexure A to this Report.

### Corporate Social Responsibility Committee

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

The Committee met two times during the year ended 31<sup>st</sup> March 2025. Dr. S K Sundararaman, a Non-Executive Independent Director, is the Chairperson of the Corporate Social Responsibility Committee. The composition of the CSR Committee and the attendance of each member at these meetings are given in Table 5 of the Annexure A to this Report.

### Stakeholders Relationship Committee

Dr. S K Sundararaman, a Non-Executive Independent Director, is the Chairperson of the Stakeholders Relationship Committee. The Committee met once during the year ended 31<sup>st</sup> March 2025. 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.

During the financial year 2024-25 a total of 3 complaints were received and resolved and there are no pending complaints as on 31<sup>st</sup> March 2025.

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 [i.e.waltervasanthpj@shanthigears.murugappa.com](mailto:i.e.waltervasanthpj@shanthigears.murugappa.com), Mr. Walter Vasanth P J, Company Secretary is the Compliance Officer.

### Risk Management Committee

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

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

### Performance Evaluation

The annual performance evaluation was carried out pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As part of the performance evaluation process, an evaluation questionnaire based on the criteria as finalized in consultation with the Directors together with supporting documents was circulated to all the Board members, in advance. The Directors evaluated themselves, the Chairman, Managing Director/CEO, other Board Members, the Board as well as functioning of the Committees viz., Audit, Nomination & Remuneration, Risk Management, Corporate Social Responsibility and Stakeholders Relationship 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 19<sup>th</sup> March 2025 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: <https://www.shanthigears.com/wp-content/uploads/2025/04/Policy-on-Related-Party-Transactions.pdf>

### Reclassification of Promoters

The Company is in receipt of a request letter from Ms. Valli Arunachalam, Ms. Vellachi Murugappan and M V Murugappan HUF (karta-Valli Arunachalam), members of promoter & promoter group of the Company ("Outgoing Promoters") on 08<sup>th</sup> November 2023, seeking reclassification as public category shareholder under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 who have zero holding in Shanthi Gears Limited.

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

The Company had obtained approval from the Stock Exchange on 06<sup>th</sup> November 2024 for reclassification belonging to the Promoters/Promoter Group of the Company to "Public" Category pursuant to family arrangement.

### Investors' Service

Your Company promptly attends to investors' queries/grievances. In order to provide timely services, the power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. The Board has

also authorised the Officials to approve transmission and transposition. transmission and transposition requests are processed within the timelines prescribed under the Act. By virtue of acquisition of Link Group in May 2024 by Mitsubishi UFJ Trust & Banking Corporation (the Trust Bank), a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG), by way of scheme of arrangement (Scheme). Link Group was delisted from the ASX in May 2024 thereby, resulting in the formation of MUFG Pension & Market Services comprising MUFG Corporate Markets and MUFG Retirement Solutions. MUFG Intime India Private Limited will be part of MUFG Corporate Markets, a division of MUFG Pension & Market Services. Hence, the name of the RTA is changed from M/s. Link Intime India Private Limited to M/s. MUFG Intime India Private Limited w.e.f 31<sup>st</sup> December 2024.

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

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

### Statutory Compliance

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

### Internal Control

The Company is conscious of the importance of the internal processes and controls. The Company has a robust business planning & review mechanism and

has adequate internal control systems commensurate with the nature of its business and size. These systems are regularly reviewed and improved upon. The Chief Executive Officer and Chief Financial Officer has certified to the Board on matters relating to financial reporting and related disclosures, compliance with relevant statutes, Accounting Standards and adequacy of internal control systems.

### Prevention of Insider Trading

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended with a view to regulate trading in securities by the Directors and designated employees of the Company. This code is applicable to all Directors/officers/designated employees. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of Unpublished Price Sensitive Information (UPSI) in relation to the Company and during the period when the trading window is closed. All the Directors and Senior Management Personnel have confirmed compliance with the code.

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

### Whistle Blower Policy

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism (Whistle Blower Policy) for the employees and Directors as an avenue to voice concerns relating to unethical behavior,

actual or suspected fraud or violation of the Company's code of conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. The mechanism also provides adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No employee was denied access to the Audit Committee.

### Compliance of Corporate Governance Norms

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

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

### Other Disclosures

#### a. Details of non-compliance

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last three years except an instance where a fine was paid for delay in disclosure to one of the stock exchanges. The disclosure of compliances with respect to Corporate Governance requirements as specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 is made in the Corporate Governance Report.

#### b. Vigil Mechanism/Whistle Blower Policy

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

The Vigil Mechanism/Whistle Blower Policy broadly

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

Further details are available in the Whistle Blower policy of the Company posted on the Company's Website at <https://www.shanthigears.com/wp-content/uploads/2025/04/Whistle-Blower-Policy-1-1.pdf>

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

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

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

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

The Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website: <https://www.shanthigears.com/wp-content/uploads/2025/04/Material-Subsidiary-Policy.pdf>

The Company does not have any material subsidiary.

**e. Disclosure of commodity price risks and commodity hedging activities**

The Company has not entered into any commodity hedging activities.

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

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

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

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

**h. Statutory Auditor Fee Particulars**

M/s. MSKA & Associates, Chartered Accountants are the Statutory Auditors of the Company. The total fee paid for the year 2024-25 to Statutory Auditors is given below:

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

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

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

The details of sexual harassment complaints for the year ended 31<sup>st</sup> March 2025 are furnished as under:

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

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

Not Applicable

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

Not Applicable

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

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

**n. Report on Corporate Governance**

This Chapter read together with the “Annexure H to the Board Report”, constitutes the Compliance Report on Corporate Governance for 2024-25.

This Corporate Governance Report of the Company for the financial year ended 31<sup>st</sup> March 2025 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

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

**o. Chief Executive Officer & Chief Financial Officer Certification**

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

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

**Declaration**

All members of the Board, the executive officers and senior management have affirmed compliance to the Code as on March 31 2025. A declaration to this effect is part of the CEO and CFO certification.

**Additional Disclosures**

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

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

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

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

There have been one instance of non-compliance by the Company or have any penalty or strictures been imposed on the company by the Stock Exchanges, Securities and Exchange Board of India or by any statutory authorities on any matters though not related to the capital markets during the last three years.

The Company has not entered into agreements binding the company as per clause 5A of Part A of Para A of Schedule III of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

**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.

Place: Coimbatore  
Date: 24 April 2025

On behalf of the Board

**M A M Arunachalam**  
Chairman  
(DIN-00202958)

## Declaration on Code of Conduct

To

The Members of Shanthy Gears Limited

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

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31<sup>st</sup> March 2025 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Coimbatore

Date: 24 April 2025

**M Karunakaran**

CEO & 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:

Name of Director	Expertise & Experience				
	Business Strategy	Leadership	Technology	Finance	Board insight
Mr. M A M Arunachalam	✓	✓	✓	✓	✓
Mr. M Karunakaran	✓	✓	✓	✓	✓
Mr. L Ramkumar	✓	✓	✓	✓	✓
Ms. S Soundara Kumar	✓	✓	✓	✓	✓
Dr. S K Sundararaman	✓	✓	✓	✓	✓
Mr. Mukesh Ahuja	✓	✓	✓	✓	✓
Mr. A Venkataramani	✓	✓	✓	✓	✓

### b. Board Meeting Dates and Attendance

The Board of Directors met five times during the financial year 2024-25. The dates of the Board meetings were 09<sup>th</sup> May 2024, 29<sup>th</sup> July 2024, 22<sup>nd</sup> October 2024, 30<sup>th</sup> January 2025 and 17<sup>th</sup> March 2025.

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<sup>st</sup> March 2025 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 <sup>st</sup> March, 2025
1	Mr. M A M Arunachalam	5(5)	7(4)	3(2)	Present	-
2	Mr. L Ramkumar	5(5)	2	3(2)	Present	-
3	Mr. J Balamurugan*	2(5)	3	1	Present	-
4	Ms. Soundara Kumar	5(5)	4(1)	4(1)	Absent	-
5	Dr. S K Sundararaman	5(5)	6	8(3)	Present	-
6	Mr. Krishna Samaraj*	2(5)	1	2	Present	-
7	Mr A Venkataramani**	3(5)	9	5	Present	-
8	Mr. Mukesh Ahuja	5(5)	2	-	Present	-
9	Mr. M Karunakaran	5(5)	1	1	Present	1512 Equity Shares
10	Mr. Arun Venkatachalam	4(5)	2	-	Present	-

\*Retired w.e.f 29<sup>th</sup> July 2024

\*\*Appointed w.e.f 09<sup>th</sup> May 2024

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

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

### c. Composition of Audit Committee and Attendance

The Committee met four times during the financial year 2024-25. The dates of meetings were 09<sup>th</sup> May 2024, 29<sup>th</sup> July 2024, 22<sup>nd</sup> October 2024 and 30<sup>th</sup> January 2025. The composition of the Audit Committee and attendance of each Member at these meetings are as follows:

**Table 2**

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

\*Retired with effect from 29<sup>th</sup> July 2024

\*\*Appointed w.e.f 30<sup>th</sup> July 2024

### d. Composition of Nomination and Remuneration Committee and Attendance

The Committee met three times during the financial year ended 31<sup>st</sup> March 2025. The dates of meetings were 09<sup>th</sup> May 2024 and 29<sup>th</sup> July 2024. The composition of Nomination & Remuneration Committee and the attendance of each member at these meetings are as follows:

**Table 3**

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Ms. Soundara Kumar, Chairman	2(2)
2	Mr. M A M Arunachalam	2(2)
3	Mr. J Balamurugan*	2(2)
4	Mr A Venkataramani**	0(2)

\*Retired w.e.f 29<sup>th</sup> July 2024

\*\*Appointed w.e.f 30<sup>th</sup> July 2024

#### e. Remuneration of Non-Executive Directors

The details of commission provided for/sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March 2025 are as follows:

Table 4

(Amount in ₹)

Sl. No.	Name of the Directors	Commission	Sitting Fees	Total
1	Mr. M A M Arunachalam	-	-	-
2	Mr. L Ramkumar	5,00,000	2,40,000	7,40,000
3	Ms. Soundara Kumar	5,00,000	2,40,000	7,40,000
4	Dr. S K Sundararaman	5,00,000	2,60,000	7,60,000
5	Mr. J Balamurugan**	1,64,384	1,40,000	3,04,384
6	Mr. Krishna Samaraj**	1,64,384	60,000	2,24,384
7	Mr A Venkataramani*	4,49,000	1,20,000	5,69,000
8	Mr. Mukesh Ahuja	-	-	-
9	Mr. Arun Venkatachalam	5,00,000	1,00,000	6,00,000
<b>Total</b>		<b>27,77,768</b>	<b>11,60,000</b>	<b>39,37,768</b>

\*Calculated from 09<sup>th</sup> May, 2024 on pro-rata basis

\*\*Calculated from 01<sup>st</sup> April 2024 till 29<sup>th</sup> July 2024 on pro-rata basis

Note: Will be paid after the adoption of accounts by the Shareholders at the 52<sup>nd</sup> Annual General Meeting

#### f. Composition of Corporate Social Responsibility Committee and Attendance

The Committee met two times during the financial year ended 31<sup>st</sup> March 2025. The dates of meeting were 29<sup>th</sup> July 2024 and 17<sup>th</sup> March 2025. The composition of Corporate Social Responsibility Committee and the attendance of each member at these meetings are as follows

Table 5

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

\*Retired w.e.f 29<sup>th</sup> July 2024

\*\*Appointed as Chairperson w.e.f 30<sup>th</sup> July 2024

**g. Composition of Stakeholders Relationship Committee and Attendance**

The Committee met once during the financial year ended 31<sup>st</sup> March 2025. The date of meeting was 17<sup>th</sup> March 2025. The composition of the Stakeholders Relationship Committee and the attendances at the meetings are as follows:

**Table 6**

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Dr. S K Sundararaman, Chairperson	1(1)
2	Mr. Krishna Samaraj*	0(1)
3	Mr. M Karunakaran	1(1)
4	Mr. Arun Venkatachalam**	0(1)

\*Retired w.e.f 29<sup>th</sup> July 2024

\*\*Appointed as Member w.e.f 30<sup>th</sup> July 2024

**h. Composition of Risk Management Committee and Attendance**

The Committee met twice during the financial year ended 31<sup>st</sup> March 2025. The date of meeting was 09<sup>th</sup> May 2024 and 22<sup>nd</sup> October 2024. The composition of the Risk Management Committee and the attendance of each member at the meeting are as follows:

**Table 7**

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Mr. Krishna Samaraj, Chairperson*	1(2)
2	Mr. L Ramkumar, Chairperson**	2(2)
3	Mr. Mukesh Ahuja	2(2)
4	Mr. M Karunakaran	2(2)
5	Mr. Arun Venkatachalam	1(2)

\*Retired w.e.f 29<sup>th</sup> July 2024

\*\*Appointed as Chairperson w.e.f 30<sup>th</sup> July 2024

On behalf of the Board

**M A M Arunachalam**

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

## 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](http://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 31<sup>st</sup> March 2025 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board India/Ministry of Corporate Affairs or any such other statutory authority.

Sl. No.	DIN	Name of the Director	Designation	Date of Appointment
1	00202958	M A M Arunachalam	Non-Executive – Chairman	10/02/2021
2	09511997	Arun Venkatachalam	Non-Executive – Non-Independent Director	09/05/2023
3	00090089	L Ramkumar	Non-Executive – Independent Director	03/09/2012
4	01974515	Soundara Kumar	Non-Executive – Independent Director	31/03/2015
5	00002691	S K Sundararaman	Non-Executive – Independent Director	06/02/2018
6	09004843	Muthusamy Karunakaran	Executive Director, CEO	10/02/2021
7	09364667	Mukesh Ahuja	Non-Executive – Non Independent Director	22/10/2021
8	00277816	A Venkataramani	Non-Executive – Independent Director	09/05/2024

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

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

**CS R.Sridharan**

CP No. 3239

FCS No. 4775

PR NO. 6232/2024

UIN: S2003TN063400

UDIN: F004775G000192688

Place: Chennai

Date: 24 April 2025

## Corporate Governance Certificate

The Members,

### **Shanthi Gears Limited**

CIN: L29130TZ1972PLC000649

304 A, Trichy Road, Singanallur,

Coimbatore - 641 005

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **Shanthi Gears Limited** (hereinafter referred as “the Company”) (CIN: L29130TZ1972PLC000649) having its Registered Office at 304A, TRICHY ROAD, SINGANALLUR, COIMBATORE - 641005 for the purpose of certifying compliance of the conditions of Corporate Governance under Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V and Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (hereinafter called “SEBI (LODR) Regulations 2015”) for the financial year ended 31<sup>st</sup> March 2025. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V and Regulation 34 (3) of SEBI (LODR) Regulations, 2015 for the financial year ended 31<sup>st</sup> March 2025.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

**CS R.Sridharan**

CP No. 3239

FCS No. 4775

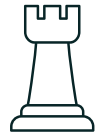
PR NO. 6232/2024

UIN: S2003TN063400

UDIN: F004775G000192809

Place: Chennai

Date: 24 April 2025



# GENERAL SHAREHOLDER INFORMATION

## Company Registration

**Corporate Identity Number (CIN):**  
L29130TZ1972PLC000649

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

## Annual General Meeting

Day : Wednesday

Date : 30<sup>th</sup> July 2025

Time : 4.30 P.M.

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

### Tentative Calendar for 2025-26

Annual General Meeting	30 <sup>th</sup> July 2025
Results for the Quarter Ending 30 <sup>th</sup> June 2025	30 <sup>th</sup> July 2025
Results for the Quarter Ending 30 <sup>th</sup> September 2025	October/November 2025
Results for the Quarter Ending 31 <sup>st</sup> December 2025	January/February 2026
Results for the Year Ending 31 <sup>st</sup> March 2026	April/May 2026

### Dividend

The Board of Directors has recommended the payment of a final dividend of ₹ 2/- per equity share. The Dividend on equity shares will be paid to those members as on Friday, 19<sup>th</sup> July 2025 and the same will be paid on or before 27<sup>th</sup> August 2025. During the financial year, on 26<sup>th</sup> February 2025, the Company paid one-time special interim dividend of ₹ 3/. per equity share.

### Unclaimed Dividend

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

Financial Year to which dividend relates	Date of declaration	Due for Transfer to IE&P Fund
2018-19 (Interim)	26.12.2018	01.02.2026
2018-19 (Final)	23.07.2019	29.08.2026
2019-20 (Interim)	28.02.2020	06.04.2027
2020-21 (Interim)	10.02.2021	19.03.2028
2021-22 (Interim)	03.02.2022	12.03.2029
2022-23 (Interim)	25.01.2023	03.03.2030
2022-23 (Final)	26.07.2023	01.09.2030
2023-24 (Interim)	30.01.2024	08.03.2031
2023-24 (Final)	29.07.2024	05.09.2031
2024-25 (Interim)	30.01.2025	08.03.2032

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

In terms of the circular dated 10<sup>th</sup> 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](http://www.shanthigears.com)

## Instructions to Shareholders

### (a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., M/s MUFG Intime India Private 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.

### Reconciliation of share capital Audit:

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

### Name and Address of Stock Exchanges

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

### Listing on Stock Exchanges and Stock Code

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

National Stock Exchange of India Ltd  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C-1, Block G  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051

**BSE Limited (“BSE”): 522034**

BSE Limited

1<sup>st</sup> Floor

New Trading Ring, Rotunda Building

P J Towers, Dalal Street

Fort, Mumbai - 400 001

ISIN Number in NSDL &amp; CDSL for equity shares: INE631A01022

The Company has paid annual listing fees for the financial year 2025-2026 in respect of the above stock exchanges.

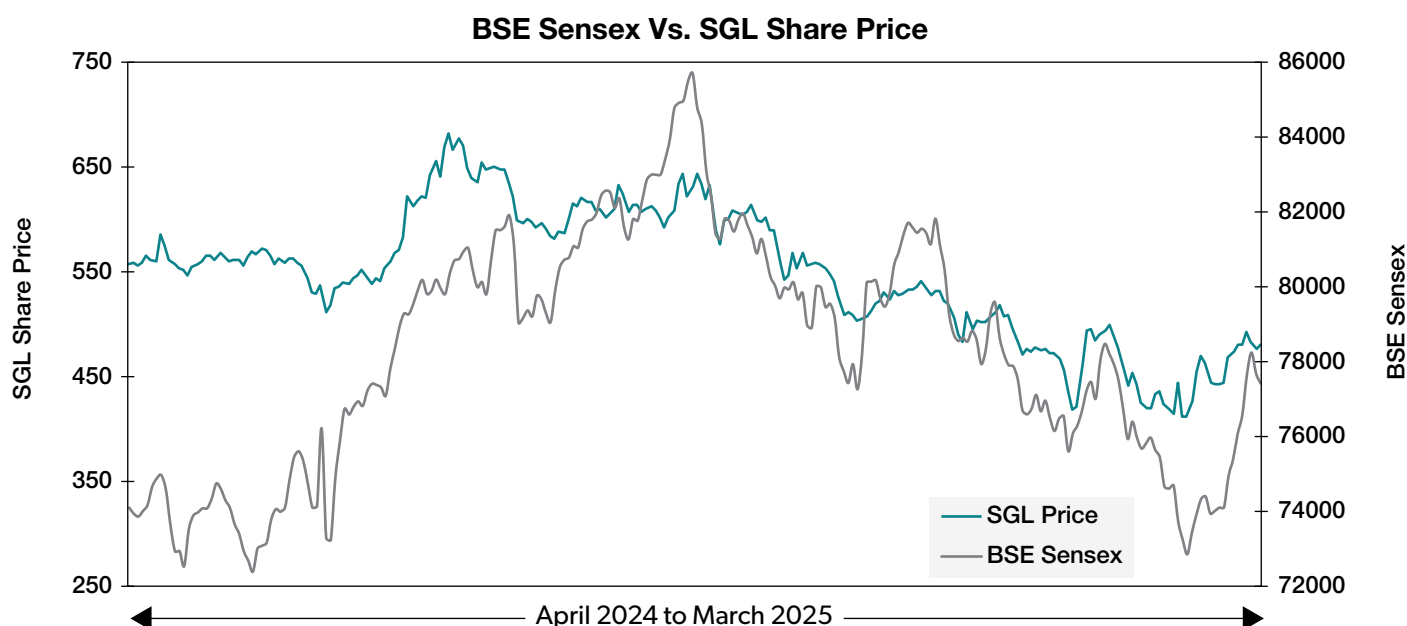
**Market Price Data and Comparison**

Monthly high and low price of the Equity Shares of the Company during 2024-25 are as follows:

Month	NSE		BSE	
	High (₹) Price	Low (₹) Price	High (₹) Price	Low (₹) Price
April-2024	621.40	536.10	616.40	535.55
May-2024	582.40	516.35	582.50	517.65
June-2024	595.50	486.45	595.10	486.40
July-2024	703.00	602.00	703.55	602.95
August-2024	647.15	573.75	648.50	572.80
September-2024	668.00	579.30	666.70	578.20
October-2024	640.00	532.50	670.00	533.00
November-2024	564.70	490.00	583.05	495.00
December-2024	543.80	475.00	547.40	474.00
January-2025	534.00	401.00	536.20	401.70
February-2025	506.45	403.70	508.00	405.00
March-2025	499.00	399.00	498.95	399.40

**Performance in comparison to broad based indices**

SGL Share Performance (April 2024 to March 2025)



## Share Transfer System

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

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

## SWAYAM – Online portal for shareholder queries

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

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

Following are the key features of ‘SWAYAM’.

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

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

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

## Registrar and Share Transfer Agents

M/s MUFG Intime India Private Limited

“Surya” 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,

Coimbatore – 641028, TN, India

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

**email:** [rnt.helpdesk@in.mpms.mufig.com](mailto:rnt.helpdesk@in.mpms.mufig.com) | **Website:** <https://in.mpms.mufig.com/>

### Shareholding pattern as on 31<sup>st</sup> March 2025

Sl. No.	Category	No. of Shares	%
1	Corporate Bodies (Promoter Co)	5,40,63,849	70.47
2	Body Corporate - Ltd Liability Partnership	9,229	0.01
3	Alternate Invst Funds	12,393	0.01
4	Clearing Members	396	-
5	Foreign Banks	3,000	-
6	FPI (Corporate) - I	2,03,919	0.26
7	FPI (Corporate) - II	22,69,441	2.95
8	Hindu Undivided Family	4,57,506	0.59
9	Insurance Companies	2,02,596	0.26
10	Investor Education And Protection Fund	4,18,642	0.54
11	Mutual Funds	3,64,331	0.47
12	Key Managerial Personnel	1,512	-
13	Non Resident Indians (Non Repatriable)	2,02,951	0.26
14	Non Resident Indians	2,04,836	0.26
15	Other Bodies Corporate	24,38,962	3.17
16	Public	1,56,70,120	20.42
17	Relatives Of Director	1,000	-
18	Trusts	2,020	-
19	Unclaimed Shares	1,89,150	0.25
<b>Total</b>		<b>7,67,15,853</b>	<b>100.00</b>

### Distribution of Shareholding as on 31<sup>st</sup> March 2025

Sl. No.	No. of Shares held	No. of Shareholders	%	No. of Shares	%
1	1 to 500	26,286	90.16	20,12,040	2.62
2	501 to 1000	1,235	4.24	9,94,402	1.30
3	1001 to 2000	661	2.27	10,47,261	1.37
4	2001 to 3000	293	1.00	7,53,874	0.98
5	3001 to 4000	170	0.58	6,33,580	0.83
6	4001 to 5000	131	0.45	6,19,419	0.81
7	5001 to 10000	222	0.76	15,50,314	2.02
8	10001 and Above	157	0.54	6,91,04,963	90.08
<b>Total</b>		<b>29,155</b>	<b>100.00</b>	<b>7,67,15,853</b>	<b>100.00</b>

### Dematerialisation of Shares and Liquidity

As on 31<sup>st</sup> March 2025, 7,61,27,495 shares were in dematerialised form representing 99.23% 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.

Outstanding GDRs/ADRs/Warrants/Convertible Instruments.

The company has not issued any GDRs/ADRs/Warrants/Convertible Instruments and the same 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
31.03.2022	25.07.2022	4.00 P.M.	Video Conferencing
31.03.2023	26.07.2023	4.30 P.M.	Video Conferencing
31.03.2024	29.07.2024	4.30 P.M.	Video Conferencing

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

Date of AGM	Whether any Special Resolution was passed	Resolution
25.07.2022	Yes	1. Appointment of Mr. L Ramkumar as an Independent Director
26.07.2023	Yes	1. Re-appointment of Dr. S K Sundararaman as an Independent Director of the Company
29.07.2024	Yes	1. Appointment of Mr. A Venkataramani as an Independent Director

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

There was no resolution passed by Postal Ballot during the Financial year 2024-25

### Means of Communication

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

The quarterly/annual results are also available on the Company's website, [www.shanthigears.com](http://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 01.04.2024	142	1,95,150
2	Number of Shareholder who approached the Company for transfer of their shares from Unclaimed Suspense Account during 01.04.2024 to 31.03.2025	5	5500
3	Number of Shareholder to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2024 to 31.03.2025	5	5500
4	Shares relating to unclaimed dividend for 7 years transferred to Investors Education & Protection Fund account during the year 01.04.2024 to 31.03.2025	1	500
5	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2025	136	1,89,150

Shareholders who continue to hold the Share Certificates with face value of ₹ 10/- are entitled to claim the equity shares with the face value of ₹ 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<sup>st</sup> March 2025 shall remain frozen till the rightful owner of such share claims the share. On receipt of the claim, the Company will, after verification, arrange to credit the equity shares to the demat account of the shareholder concerned or deliver the Share Certificate to the shareholder in physical mode after re-materialisation.

## Plant Locations

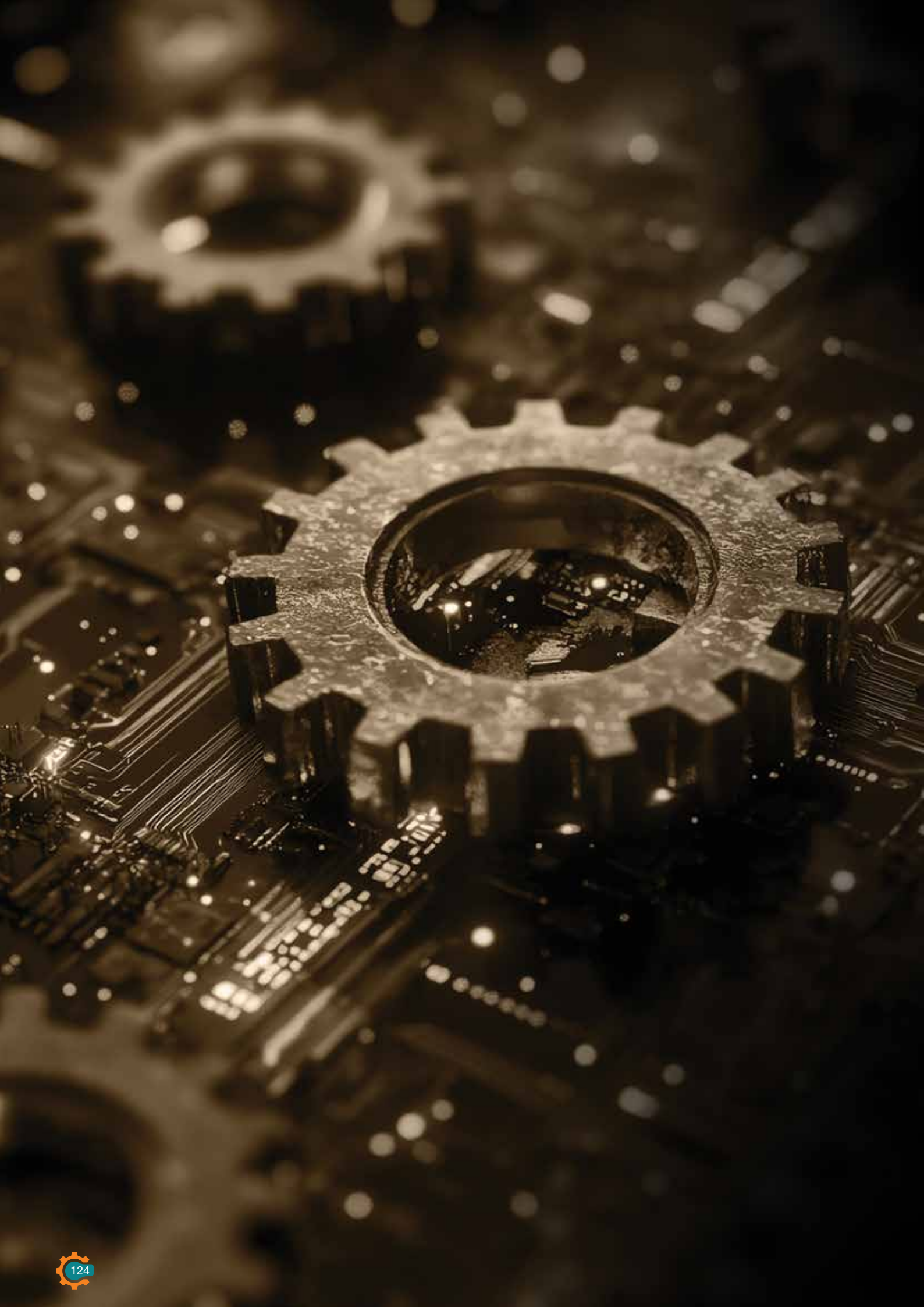
**C Unit:** Avinashi Road, Muthugoundenpudur (PO), Coimbatore - 641 406

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

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

## Contact Address

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



# Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

We have audited the accompanying financial statements of Shanthi Gears Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including summary of material accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2025. 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 matter described below to be the key audit matter to be communicated in our report.

#### Timing of Revenue Recognition (as described in Note 3.8 of the Financial Statements)

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

#### How our Audit Addressed the Key Audit Matter

Our audit procedures included the following:

- Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.
- Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.
- Tested the design, implementation and operating effectiveness of the Company's general IT controls and key application controls over the Company's IT systems which govern revenue recognition in the general ledger accounting system.

- Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.
- Performed analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.
- Tested revenue transactions, both near and after the reporting date and tested whether the timing of revenue was recognized in the appropriate period with reference to shipping records, sales invoices etc for sample transactions.
- Assessed the disclosures for compliance with applicable accounting standards.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion and Analysis including annexures to the Board Report, Corporate Governance and Business Responsibility and Sustainability Reporting but does not include the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(h) (vi) below on reporting under Rule 11(g).
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3) (b) and paragraph 2(h) (vi) below on reporting under Rule 11(g).
  - (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29a to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv.
      - (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 39(iv) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      - (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 39(v) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in

other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material misstatement.

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

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

- (a) The Company has used two accounting software for maintaining its books of account which has a feature of recording the audit trail (edit log) facility. With respect to one software, the audit trail feature was enabled for additional tables effective October 2024 for the relevant transactions

at the application level. Further, the audit trail (edit log) feature was enabled at the database level effective October 2024 to log any direct data changes. The audit trail feature which was enabled at the application level and data base level, as mentioned above, has operated throughout the period, post its enablement. The audit trail was not tampered with, post enablement of the audit trail. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention, to the extent it was enabled and recorded in previous year – Refer Note 40 to the Financial Statements.

- (b) With respect to software used to record payroll transactions, the audit trail feature was enabled at the application level throughout the year. We are unable to comment on whether the audit trail feature was enabled at the database level throughout the year. The audit trail feature was not tampered with throughout the year. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention, to the extent it was enabled and recorded in previous year – Refer Note 40 to the Financial Statements.

3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & ASSOCIATES**  
Chartered Accountants

ICAI Firm Registration No. 105047W

**Geetha Jeyakumar**

Partner

Membership No. 029409

**UDIN:** 25029409BMMIOO9109

Place: Coimbatore  
Date: April 24, 2025

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2025 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & ASSOCIATES**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Geetha Jeyakumar**

Partner

Membership No. 029409

**UDIN:** 25029409BMMIOO9109

Place: Coimbatore

Date: April 24, 2025

## ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED FOR THE YEAR ENDED MARCH 31, 2025

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

- |   |   |
|---|---|
| <p>i.</p> <p>(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and investment property.</p> <p>B. The Company has maintained proper records showing full particulars of intangible assets.</p> <p>(b) Property, Plant and Equipment were physically verified by the management according to a phased programme designed to cover all items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of Property, plant and equipment has been physically verified by Management during the year. No material discrepancies were noticed on such verification.</p> <p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 4e to the financial statements, are held in the name of the Company.</p> <p>(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment and intangible assets during the year. Accordingly, the requirement to report under clause 3(i)(d) of the Order is not applicable to the Company.</p> <p>(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the requirement to report stated under clause 3(i)(e) of the Order is not applicable to the Company.</p> | <p>ii.</p> <p>(a) The inventory (excluding stocks with third parties and stocks-in-transit) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and in respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies were noticed in respect of such confirmations. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.</p> <p>(b) The Company has not been sanctioned any working capital limits at any point of time during the year on the basis of security of current assets. Accordingly, the requirement to report under clause 3(ii)(b) of the Order is not applicable to the Company.</p> <p>iii. According to the information and explanation provided to us, the Company has not made any investments in, or provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report under clause 3(iii) of the Order is not applicable to the Company.</p> <p>iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act, are applicable and accordingly, the requirement to report under clause 3(iv) of the Order is not applicable to the Company.</p> <p>v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning</p> |
|---|---|

of the provisions of Sections 73 to 76 of the Act and the rules framed there under. Accordingly, the requirement to report under clause 3(iv) of the Order is not applicable to the Company.

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

Sales tax, Service tax, Duty of Excise, Value Added tax, Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess have generally been regularly deposited with the appropriate authorities during the year, though there has been a slight delay in a few cases. No undisputed amounts payable in respect of these statutory dues were outstanding as at March 31, 2025, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, statutory dues relating to Sales tax, Service tax, Duty of Excise, Value Added tax, Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount Demanded ₹ in Crores	Amount Paid ₹ in Crores	Period to which the amount relates	Forum where dispute is pending
The Goods and Services Tax Act, 1961	Penalty under Section 122(2)(b) read with Section 74 of CGST Act, 2017	2.06	-	July 2017 to March 2023	The Assistant Commissioner of GST and Central Excise
The Central Excise Act, 1944	Excise Duty including Penalty, on interunit transfer of machinery	1.52	-	FY 2005-06	Jurisdictional Office
The Goods and Services Tax Act, 1961	Order under Section 73 of CGST Act, 2017	1.12	-	April 2018 to March 2019	State Tax Officer
The Goods and Services Tax Act, 1961	Order under Section 73 of CGST Act, 2017	0.20	-	June 2018 to November 2018	State Tax Officer

- viii. According to the information and explanations given to us, there are no transaction which are not recorded in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment under the Income Tax Act, 1961. Accordingly, the requirement to report as stated under clause 3(viii) of the Order is not applicable to the Company.

- ix.
- (a) The Company does not have any loans or borrowings or interest thereon due to any lenders during the year. Accordingly, the requirement to report under clause 3(ix)(a) of the Order is not applicable to the Company.

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans. Accordingly, the requirement to report under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanation provided to us, there are no funds raised during the year. Accordingly, the requirement to report under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, the requirement to report under clause 3(ix)(e) of the order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate, or joint venture. Accordingly, the requirement to report under clause 3(ix)(f) of the order is not applicable to the Company.
- x.
- (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the requirement to report under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly, or optionally convertible) during the year. Accordingly, the requirement to report under clause 3(x)(b) of the Order is not applicable to the Company.
- xi.
- (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under Section 143(12) of the Act, has been filed by cost auditor/secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the requirement to report under clause 3(xii)(a) to (c) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.
- xv. According to the information and explanations given to us, and based on our examination of the records of the Company, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, the requirement to report under clause 3(xv) of the Order is not applicable to the Company.

- xvi.
- (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the requirement to report under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the requirement to report under clause 3(xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has 2 Core Investment Companies ('CICs') as a part of its group.
- xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the requirement to report under clause 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the requirement to report under clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in Note 37 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a Fund as specified in Schedule VII of the Act as disclosed in Note 24 to the financial statements.
- (b) There are no ongoing projects and accordingly, the requirement to report under Clause 3(xx)(b) of the Order is not applicable to the Company.
- xxi. The requirement to report under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For **M S K A & ASSOCIATES**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Geetha Jeyakumar**

Partner

Membership No. 029409

**UDIN:** 25029409BMMIOO9109

Place: Coimbatore

Date: April 24, 2025

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

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Shanthi Gears Limited on the Financial Statements for the year ended March 31, 2025]

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Shanthi Gears Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

#### Management's and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls With reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls With reference to Financial Statements

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

Place: Coimbatore  
Date: April 24, 2025

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

**Geetha Jeyakumar**

Partner

Membership No. 029409

**UDIN:** 25029409BMMIOO9109

# Financial Statements



**BALANCE SHEET** AS AT 31 MARCH 2025

(₹ Crores)

Particulars	Note No.	As at 31 March 2025	As at 31 March 2024
<b>I. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, plant and equipment	4a	71.28	63.92
(b) Capital work-in-progress	4c	4.90	4.10
(c) Investment property	5	7.43	7.54
(d) Intangible assets	4b	0.35	0.69
(e) Financial assets			
(i) Investments	6a	18.21	20.21
(ii) Other financial assets	6b	7.26	7.43
(f) Deferred tax assets (net)	7	5.26	5.38
(g) Other non-current assets	8	7.72	5.78
<b>Total non-current assets</b>		<b>122.41</b>	<b>115.05</b>
<b>2 Current Assets</b>			
(a) Inventories	9	80.40	85.23
(b) Financial assets			
(i) Investments	10a	70.28	25.10
(ii) Trade receivables	10b	137.20	117.96
(iii) Cash and cash equivalents	10c	15.00	0.65
(iv) Bank balances other than (iii) above	10d	49.76	7.26
(v) Loans	10e	0.19	0.10
(vi) Other financial assets	10f	23.30	86.23
(c) Other current assets	11	5.78	5.22
<b>Total current assets</b>		<b>381.91</b>	<b>327.75</b>
<b>Total Assets</b>		<b>504.32</b>	<b>442.80</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	12	7.67	7.67
(b) Other Equity	13	395.32	337.64
<b>Total Equity</b>		<b>402.99</b>	<b>345.31</b>
<b>2 Non-current liabilities</b>			
(a) Other non current liabilities	14	0.87	0.49
<b>Total Non-current liabilities</b>		<b>0.87</b>	<b>0.49</b>
<b>3 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	15a	13.69	9.62
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		49.01	45.63
(ii) Other financial liabilities	15b	9.11	8.31
(b) Other current liabilities	16	26.25	30.76
(c) Provisions	17	1.86	2.21
(d) Current Tax Liabilities (Net)		0.54	0.47
<b>Total Current liabilities</b>		<b>100.46</b>	<b>97.00</b>
<b>Total Liabilities</b>		<b>101.33</b>	<b>97.49</b>
<b>Total Equity and Liabilities</b>		<b>504.32</b>	<b>442.80</b>

Summary of Material Accounting Policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For and on behalf of the Board of Directors****For M S K A & Associates****Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**

Partner

Membership No.029409

**M Karunakaran**

Whole-time Director

(DIN-09004843)

**M A M Arunachalam**

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

**Ranjan Kumar Pati**

Chief Financial Officer

**Walter Vasanth P J**

Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2025

(₹ Crores)

Particulars	Note No.	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>I. Revenue from Operations</b>	18	604.62	536.05
<b>II. Other Income</b>	19	14.66	21.06
<b>Total Income (I + II)</b>		<b>619.28</b>	<b>557.11</b>
<b>III. Expenses</b>			
Cost of Materials Consumed	20	281.97	262.26
Changes in inventories of finished goods and work-in-progress	21	2.33	(5.63)
Employee benefits expense	22	81.69	76.83
Depreciation and amortisation expense	23	13.30	13.21
Other expenses	24	109.90	100.80
<b>Total Expenses</b>		<b>489.19</b>	<b>447.47</b>
<b>IV. Profit Before Tax (I + II - III)</b>		<b>130.09</b>	<b>109.64</b>
<b>V. Tax expense/(benefit):</b>			
(1) Current Tax	25	33.95	28.04
(2) Deferred Tax	7	0.11	(0.65)
<b>Total Tax Expense</b>		<b>34.06</b>	<b>27.39</b>
<b>VI. Profit for the year (IV - V)</b>		<b>96.03</b>	<b>82.25</b>
<b>VII. Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Statement of Profit and Loss in subsequent periods:</b>			
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	26	0.01	(1.20)
Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods	26	(0.00)	0.30
<b>Other Comprehensive Income/(Loss) for the Year</b>		<b>0.01</b>	<b>(0.90)</b>
<b>VIII. Total Comprehensive Income for the Year (VI + VII)</b>		<b>96.04</b>	<b>81.35</b>
<b>Earnings Per Equity Share of ₹ 1/- each</b>	27		
Basic (in ₹)		12.52	10.72
Diluted (in ₹)		12.52	10.72

Summary of Material Accounting Policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For M S K A &amp; Associates

Chartered Accountants

ICAI Firm Registration No.105047W

Geetha Jeyakumar

Partner

Membership No.029409

M Karunakaran

Whole-time Director

(DIN-09004843)

M A M Arunachalam

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

Ranjan Kumar Pati

Chief Financial Officer

Walter Vasanth P J

Company Secretary

**STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 31 MARCH 2025

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit before tax</b>	<b>130.09</b>	<b>109.64</b>
Adjustments for:		
Depreciation on Property, Plant and Equipment	12.86	12.87
Depreciation on Investment Property	0.11	0.11
Amortisation of Intangible assets	0.33	0.23
Gain on disposal of Property Plant and Equipment	(0.07)	(1.78)
Net gain arising of financial assets measured at fair value through profit or loss	(3.73)	(3.49)
Unrealised gain on foreign currency transactions and translations	(0.02)	(0.09)
Interest income from Fixed Deposits	(5.69)	(7.06)
Interest Income from Tax Free Bonds	(1.45)	(1.56)
Loss on Sale of Investments	-	0.21
Provision no longer required written back	(1.38)	(4.48)
Provision for Credit impaired Trade Receivable	1.55	5.13
Provision for Credit impaired Other Receivables	0.34	0.61
Provision for Inventories	(0.81)	(2.39)
<b>Operating Profit before Working Capital/Other Changes</b>	<b>132.13</b>	<b>107.95</b>
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Inventories	5.64	(16.24)
Trade Receivables	(20.77)	(54.89)
Other Financial Assets	2.31	(1.50)
Loans	(0.09)	(0.05)
Other Current Assets	(0.56)	(0.96)
Other Non-Current Assets	0.01	0.02
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade Payables	7.45	18.77
Other Financial Liabilities	0.81	2.39
Other Current Liabilities	(3.13)	7.03
Other Long-Term Liabilities	0.39	(0.06)
Provisions	(0.34)	0.01
<b>Cash Generated From Operations</b>	<b>123.85</b>	<b>62.48</b>
Income Tax paid (net of refunds)	(33.06)	(26.10)
<b>Net Cash Flow from operating activities (A)</b>	<b>90.79</b>	<b>36.38</b>
<b>B. Cash Flow from Investing Activities:</b>		
Capital expenditure (including Capital Work In Progress and Capital Advances)	(24.35)	(20.00)
Proceeds from Disposal of Property, Plant and Equipment	0.25	1.81
Proceeds from Disposal of non current investments	-	1.78
(Purchase)/Sale of Current Investments, Net	(39.44)	13.50
Proceeds/(Investments) in deposits, Net	19.86	(16.77)
Interest income received	5.68	7.38
<b>Net Cash Used in Investing Activities</b>	<b>(38.00)</b>	<b>(12.30)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Dividends paid on equity shares	(38.44)	(38.52)
<b>Net Cash Used in Financing Activities</b>	<b>(38.44)</b>	<b>(38.52)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]</b>	<b>14.35</b>	<b>(14.44)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>0.65</b>	<b>15.09</b>
<b>Cash and Cash Equivalents as at End of the Year (Refer Note 10c)</b>	<b>15.00</b>	<b>0.65</b>

Note : The above Cash Flow Statement has been prepared under indirect method as set out in Ind AS - 7 Cash Flow Statement notified under the Section 133 of the Companies Act, 2013.

The accompanying notes are an integral part of the financial statements

**For and on behalf of the Board of Directors**

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**

Partner

Membership No.029409

**M Karunakaran**

Whole-time Director

(DIN-09004843)

**M A M Arunachalam**

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

**Ranjan Kumar Pati**

Chief Financial Officer

**Walter Vasanth P J**

Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

### a. Equity Share Capital

Particulars	No. of shares	₹ in Crores
<b>As at 01 April 2023</b>		
Equity shares of ₹ 1 each issued, subscribed and fully paid	7,67,15,853	7.67
Issue of share capital (Refer Note 12)	-	-
<b>As at 31 March 2024</b>		
Equity shares of ₹ 1 each issued, subscribed and fully paid	7,67,15,853	7.67
Issue of share capital (Refer Note 12)	-	-
<b>As at 31 March 2025</b>	<b>7,67,15,853</b>	<b>7.67</b>

### b. Other Equity

For the year ended 31 March 2025

(₹ Crores)

Particulars	Reserves & Surplus				
	Retained Earnings (Note 13)	Capital Redemption Reserve (Note 13)	General Reserve (Note 13)	Remeasurement of Employee Benefit Obligation (Note 13)	Other Equity
<b>As at 01 April 2024</b>	136.08	0.52	204.29	(3.25)	337.64
Profit for the Year	96.03	-	-	-	96.03
Other Comprehensive Income/(Loss) for the Year (Note 26)	-	-	-	0.01	0.01
<b>Total Comprehensive Income</b>	<b>96.03</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>96.04</b>
Dividends	(38.36)	-	-	-	(38.36)
<b>As at 31 March 2025</b>	<b>193.75</b>	<b>0.52</b>	<b>204.29</b>	<b>(3.24)</b>	<b>395.32</b>

For the year ended 31 March 2024

(₹ Crores)

Particulars	Reserves & Surplus				
	Retained Earnings (Note 13)	Capital Redemption Reserve (Note 13)	General Reserve (Note 13)	Remeasurement of Employee Benefit Obligation (Note 13)	Other Equity
<b>As at 01 April 2023</b>	92.22	0.52	204.29	(2.35)	294.68
Profit for the Year	82.25	-	-	-	82.25
Other Comprehensive Income/(Loss) for the Year (Note 26)	-	-	-	(0.90)	(0.90)
<b>Total Comprehensive Income</b>	<b>82.25</b>	<b>-</b>	<b>-</b>	<b>(0.90)</b>	<b>81.35</b>
Dividends	(38.39)	-	-	-	(38.39)
<b>As at 31 March 2024</b>	<b>136.08</b>	<b>0.52</b>	<b>204.29</b>	<b>(3.25)</b>	<b>337.64</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No.105047W

**Geetha Jeyakumar**

Partner

Membership No.029409

**M Karunakaran**

Whole-time Director

(DIN-09004843)

**M A M Arunachalam**

Chairman

(DIN-00202958)

Place: Coimbatore

Date: 24 April 2025

**Ranjan Kumar Pati**

Chief Financial Officer

**Walter Vasanth P J**

Company Secretary

## NOTES TO FINANCIAL STATEMENTS

### 1. Corporate Information

Shanthi Gears Limited (the Company) is a Public Limited Company domiciled in India and listed on BSE Limited and National Stock Exchange of India Limited. The Company is in the business of design, manufacture, supply and servicing of gears and gear boxes. The registered office of the Company is located at 304-A, Trichy Road, Singanallur, Coimbatore, Tamil Nadu.

The financial statements were authorised for issue in accordance with a resolution of the directors on 24 April 2025.

### 2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value at the end of the reporting period. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The financial statements are presented in INR and all values are rounded to the nearest crores, except when otherwise indicated.

#### Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the company.

### 3. Material Accounting Policies

#### 3.1 Presentation and Disclosure of Financial Statements

An asset has been classified as current when it satisfies any of the following criteria;

- (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

## NOTES TO FINANCIAL STATEMENTS

- (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.

### Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful trade receivables, provision for warranties, allowance for slow/non-moving inventories, useful life of Property, Plant and Equipment and provision for liquidated damages during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

### 3.3 Cash and Cash Equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of change in value.

#### Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit before 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. For the purpose of the Statement of cash flows, cash and cash equivalents are considered an integral part of the cash management of the Company.

### 3.4 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

## NOTES TO FINANCIAL STATEMENTS

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.

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, net of accumulated impairment loss, if any. Cost comprises direct cost and attributable interest. Once it has become available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

### 3.5 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 leased 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.

### 3.6 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.

### 3.7 Inventories

Raw materials and stores & spare parts are valued at weighted average cost. Cost includes freight, taxes and duties and is net of credit under GST scheme, where applicable.

Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Due allowance is made for slow/non-moving items, based on management estimates.

### 3.8 Revenue and Other Income

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, regardless of when the payment is being made. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The Company is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements

## NOTES TO FINANCIAL STATEMENTS

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. 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 investments, Interest income is recognised on time proportion basis, taking into account the amount outstanding and the interest rate.

### Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

## 3.9 Employee Benefits

### I. Defined Contribution Plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### 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. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the yearend. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in

## NOTES TO FINANCIAL STATEMENTS

statement of profit and loss. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### IV. Short-Term Employee Benefits

Short term employee benefits includes 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.

### 3.10 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 or restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

### 3.11 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 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.

Description of Assets	Useful Life and Basis of Depreciation/ Amortisation
Plant & Machinery	7.5 Years
Furniture & Fixtures	5 Years
Office Equipment	3 Years
Computer Software	3 Years
Vehicles	4 Years

Depreciation is provided on pro-rata basis from the date of Capitalisation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

### 3.12 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

## NOTES TO FINANCIAL STATEMENTS

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.

### 3.13 Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

Provision for liquidated damages are recognized based on the terms of the sales agreed with customers, the delivery date and the commitment date. The estimate of liquidated damages is reviewed annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### 3.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability.

#### A. Financial assets

##### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### ii. Subsequent measurement

For purposes of subsequent measurement, Debt instruments are measured at amortised cost.

##### iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset.

##### iv. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial

## NOTES TO FINANCIAL STATEMENTS

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.

### Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Timing of Revenue Recognition

The Company deals with the designing, manufacturing, supply and servicing of gears and gear boxes. The type of customers varies across these segments, ranging from dealers to Original Equipment Manufacturers, their suppliers, and Industrial Customers. The Company recognizes revenue from sale of goods at a point in time based on the terms of the contract with customers which may vary case to case. Terms of sales arrangements with various customers, including Incoterms, determine the timing of transfer of control and require judgement in determining the timing of revenue recognition.

## 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. 3.10.

### Defined Benefit Plans

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 28.

### Provision for Warranty and Liquidated Damages

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

Provision for liquidated damages are recognized based on the terms of the sales agreed with customers, the delivery date and the commitment date. The estimate of liquidated damages is reviewed annually.

### Allowances for Slow/Non-moving Inventory and Obsolescence

An allowance for Inventory is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete/slow-moving/redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

## 4a - Property, Plant and Equipment

(₹ Crores)

Particulars	Gross Block at Cost					Accumulated Depreciation					Net Block	
	As at 01 April 2024	Reclassification to investment property	Additions	Deletions	As at 31 March 2025	As at 01 April 2024	Reclassification to investment property	For the Year	Deletions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Freehold Land	3.49	-	-	-	3.49	-	-	-	-	-	3.49	3.49
	(2.86)	(0.46)	(1.09)	-	(3.49)	-	-	-	-	-	(3.49)	(2.86)
Buildings	25.45	-	1.96	0.21	27.20	8.44	1.14	0.13	9.45	17.75	17.01	17.01
	(24.10)	(0.07)	(1.42)	-	(25.45)	(7.38)	(1.07)	-	(8.44)	(17.01)	(16.72)	(16.72)
Plant & Machinery	107.18	-	14.14	0.01	121.31	66.16	9.97	0.01	76.12	45.19	41.02	41.02
	(110.94)	-	(9.74)	(13.50)	(107.18)	(69.02)	(10.62)	(13.48)	(66.16)	(41.02)	(41.92)	(41.92)
Office Equipment	6.04	-	3.07	0.03	9.08	5.05	1.10	0.03	6.12	2.96	0.99	0.99
	(5.34)	-	(0.80)	(0.10)	(6.04)	(4.36)	(0.79)	(0.10)	(5.05)	(0.99)	(0.98)	(0.98)
Furniture & Fixtures	1.89	-	0.71	-	2.60	1.70	0.14	-	1.84	0.76	0.19	0.19
	(1.85)	-	(0.18)	(0.14)	(1.89)	(1.77)	(0.07)	(0.14)	(1.70)	(0.19)	(0.08)	(0.08)
Vehicles	2.02	-	0.52	0.51	2.03	0.80	0.51	0.41	0.90	1.13	1.22	1.22
	(1.16)	-	(1.14)	(0.28)	(2.02)	(0.76)	(0.32)	(0.28)	(0.80)	(1.22)	(0.40)	(0.40)
<b>Total</b>	<b>146.07</b>	<b>-</b>	<b>20.40</b>	<b>0.76</b>	<b>165.71</b>	<b>82.15</b>	<b>12.86</b>	<b>0.58</b>	<b>94.43</b>	<b>71.28</b>	<b>63.92</b>	<b>63.92</b>
<b>Previous Year</b>	<b>(146.25)</b>	<b>(0.53)</b>	<b>(14.37)</b>	<b>(14.02)</b>	<b>(146.07)</b>	<b>(83.29)</b>	<b>(12.87)</b>	<b>(14.00)</b>	<b>(82.15)</b>	<b>(63.92)</b>	<b>(62.96)</b>	<b>(62.96)</b>

Previous year figures are given in brackets.

## 4b - Intangible Assets

(₹ Crores)

Particulars	Gross Block at Cost				Accumulated Depreciation				Net Block	
	As at 01 April 2024	Additions	Deletions	As at 31 March 2025	As at 01 April 2024	For the Year	On Deletions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Computer Software	2.78	-	-	2.78	2.09	0.33	-	2.42	0.35	0.69
	(2.00)	(0.78)	-	(2.78)	(1.86)	(0.23)	-	(2.09)	(0.69)	(0.15)
<b>Total</b>	<b>2.78</b>	<b>-</b>	<b>-</b>	<b>2.78</b>	<b>2.09</b>	<b>0.33</b>	<b>-</b>	<b>2.42</b>	<b>0.35</b>	<b>0.69</b>
<b>Previous Year</b>	<b>(2.00)</b>	<b>(0.78)</b>	<b>-</b>	<b>(2.78)</b>	<b>(1.86)</b>	<b>(0.23)</b>	<b>-</b>	<b>(2.09)</b>	<b>(0.69)</b>	<b>(0.15)</b>

Previous year figures are given in brackets.

## NOTES TO FINANCIAL STATEMENTS

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

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Opening Balance as at the beginning of the year	4.10	2.03
Addition during the year	21.20	17.22
Capitalised during the year	(20.40)	(15.15)
Closing Balance as at the end of the year	4.90	4.10

### CWIP Ageing Schedule

(₹ Crores)

Particulars	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	31 March 2025	Less than 1 Year	1 - 2 Years	> 3 Years	More than 3 Years	31 March 2024
Projects in progress	3.77	1.13	-	-	4.90	4.10	-	-	-	4.10
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.77</b>	<b>1.13</b>	<b>-</b>	<b>-</b>	<b>4.90</b>	<b>4.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.10</b>

There is no project whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2025 and March 31, 2024.

4d. The Company does not hold any benami property. No proceedings have been initiated or are pending against the Company under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder as of the date of approval of these financial statements.

4e. The title deeds of all immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

### 5. Investment Property

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
<b>Opening Balance as at beginning of the year</b>	<b>9.37</b>	<b>8.84</b>
Reclassification during the year (Refer Note 4a)	-	0.53
<b>Closing Balance as at end of the year</b>	<b>9.37</b>	<b>9.37</b>
<b>Depreciation and Impairment</b>		
<b>Opening Balance as at beginning of the year</b>	<b>1.83</b>	<b>1.71</b>
Reclassification during the year (Refer Note 4a)	-	0.01
Depreciation during the year	0.11	0.11
<b>Closing Balance as at end of the year</b>	<b>1.94</b>	<b>1.83</b>
<b>Net Block as at the end of the year</b>	<b>7.43</b>	<b>7.54</b>

## NOTES TO FINANCIAL STATEMENTS

### Information regarding income and expenditure of Investment Property:

(₹ Crores)

Particulars	Year Ended	Year Ended
	31 March 2025	31 March 2024
Rental Income derived from Investment Properties (Refer Note 19)	1.29	1.74
<b>Profit arising from Investment Properties before Depreciation and Indirect Expenses</b>	<b>1.29</b>	<b>1.74</b>
Depreciation	(0.11)	(0.11)
<b>Profit arising from Investment Properties before Indirect Expenses</b>	<b>1.18</b>	<b>1.63</b>

The Company's investment properties consists of the property in Coimbatore and Mumbai which have been let out on rent. As on March 31, 2025, the fair value of the property is ₹ 43.13 crores (Previous year : ₹ 43.13 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 fair value of the investment properties are determined by the Company based on the Discounted Cash Flow (DCF) model.

The Company has no restrictions on the disposal of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancement.

### 6a. Investments

Particulars	Nominal Value per unit	Number of Units		Value (₹ Crores)	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>Investments at Amortised Cost:</b>					
<b>Investments in Tax Free Bonds - Quoted</b>					
PFC Tax Free Bonds	1,000	-	2,567	-	0.26
IRFC Tax Free Bonds	1,000	36,783	36,783	3.95	3.95
NHAI Tax Free Bonds	1,000	71,428	71,428	8.01	8.01
IREDA Tax Free Bonds	1,000	13,624	23,624	1.37	2.41
HUDCO Tax Free Bonds	1,000	11,629	18,442	1.16	1.86
NABARD Tax Free Bonds	1,000	4,008	4,008	0.40	0.40
RECL Tax Free Bonds	1,000	28,000	28,000	3.23	3.23
NHPC Ltd Tax Free Bonds	1,000	800	800	0.09	0.09
<b>Total</b>				<b>18.21</b>	<b>20.21</b>
Aggregate amount of quoted investments				18.21	20.21
Market value of quoted investments				17.87	20.35
Aggregate amount of unquoted investments				-	-
Aggregate amount of impairment in value of investments				-	-

## NOTES TO FINANCIAL STATEMENTS

### 6b. Other Financial assets - Non-Current

(At Amortised Cost, considered good and unsecured, unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Security Deposits		
Considered Good	5.16	4.43
Considered Doubtful	0.41	0.43
Less: Provision for credit impaired deposits	(0.41)	(0.43)
Receivable from Sale of Surplus Energy	1.03	1.03
Less: Provision for credit impaired other receivables	(1.03)	(1.03)
Fixed Deposits with banks (with maturity period of more than 12 months)	2.10	3.00
<b>Total</b>	<b>7.26</b>	<b>7.43</b>

### 7. Deferred Tax Assets (Net)

(₹ Crores)

Nature - (Liability)/Asset	Balance Sheet		Statement of Income/(Expense)	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
<b>Deferred Tax Liabilities</b>				
Difference between depreciation as per books of account and the Income Tax Act, 1961	(0.72)	(1.21)	0.49	0.30
<b>Deferred Tax Liabilities - A</b>	<b>(0.72)</b>	<b>(1.21)</b>	<b>0.49</b>	<b>0.30</b>
<b>Deferred Tax Assets</b>				
Provision for Impairment of Trade Receivables	2.58	2.10	0.48	1.29
Provision for Employee Benefits	0.85	1.92	(1.07)	(0.46)
Provision for Inventories	1.49	1.69	(0.20)	(0.60)
Provision for Liquidated Damages & Other Liabilities	0.66	0.47	0.19	0.27
Provision for Impairment Of Other Financial Assets	0.40	0.41	(0.01)	0.15
<b>Deferred Tax Assets - B</b>	<b>5.98</b>	<b>6.59</b>	<b>(0.61)</b>	<b>0.65</b>
<b>Net Deferred Tax Assets (A+B)</b>	<b>5.26</b>	<b>5.38</b>	<b>(0.12)</b>	<b>0.95</b>

### Reconciliation of Deferred Tax Asset (Net)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
<b>Opening balance</b>	<b>5.38</b>	<b>4.43</b>
Tax Expense during the year recognised in Statement of Profit and Loss	(0.11)	0.65
Tax Expense during the year recognised in OCI	(0.01)	0.30
<b>Closing balance</b>	<b>5.26</b>	<b>5.38</b>

## NOTES TO FINANCIAL STATEMENTS

### 8. Other non-current assets

(Considered Good, unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Capital Advances		
Considered Good	7.72	4.60
Considered Doubtful	-	0.18
	<b>7.72</b>	<b>4.78</b>
Less: Provision for credit impaired advances	-	(0.18)
	<b>7.72</b>	<b>4.60</b>
Balances with statutory authorities	1.05	1.05
Less: Provision for credit impaired balances	(1.05)	(0.70)
	-	0.35
Advance income tax (Net of Provision for Income Tax)	-	0.83
<b>Total</b>	<b>7.72</b>	<b>5.78</b>

### 9. Inventories

(Lower of Cost or Estimated Net Realisable Value)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Raw Materials#	37.50	40.40
Work-in-Progress	27.90	39.86
Finished Goods	13.82	4.19
Stores and Spare Parts	1.18	0.78
<b>Total</b>	<b>80.40</b>	<b>85.23</b>

The cost of inventories recognised as an expense during the year was ₹ 284.30 Crores  
(Previous year : ₹ 256.63 Crores)

Net of Provision for Inventories - ₹ 5.90 Crores (Previous year - ₹ 6.71 Crores)

# Includes goods in transit - : ₹ 3.32 Crores (Previous year : ₹ 2.26 Crores)

## NOTES TO FINANCIAL STATEMENTS

### 10a. Investments

(₹ Crores)

Particulars	Nominal Value per unit	As at 31 March 2025		As at 31 March 2024	
		No. of units	Value	No. of units	Value
<b>(i) Investments at Amortised Cost:</b>					
<b>Investments in Tax Free Bonds - Quoted</b>					
HUDCO Tax Free Bonds	1,000	6,813	0.70	-	-
IREDA Tax Free Bonds	1,000	10,000	1.04	-	-
PFC Tax Free Bonds	1,000	2,567	0.26	-	-
<b>Total</b>		<b>19,380</b>	<b>2.00</b>		
Aggregate amount of quoted investments			2.00		-
Market value of quoted investments			1.96		-
Aggregate amount of unquoted investments			-		-
Aggregate amount of impairment in value of investments			-		-
<b>(ii) Investments at Fair Value Through Profit and Loss (FVTPL):</b>					
<b>Investments in Mutual Funds</b>					
SBI - Liquid Fund - Direct Growth		32,034	12.99	26,100	9.86
UTI - Liquid Cash Plan - Direct Growth		27,043	11.50	12,753	5.05
HDFC - Liquid Fund - Direct Growth		21,571	10.99	12,762	6.06
Aditya Birla Sun Life Liquid Fund - Direct Growth		2,84,781	11.93	-	-
DSP - Liquidity Fund - Direct Growth		25,495	9.45	5,862	2.02
Nippon India Liquid Fund - Direct Growth		14,839	9.42	3,578	2.11
Axis Liquid Fund - Direct Growth		6,949	2.00	-	-
<b>Total</b>			<b>68.28</b>		<b>25.10</b>
Aggregate amount of Quoted Investments			68.28		25.10
Aggregate amount of Unquoted Investments			-		-
Aggregate amount of impairment in value of Investments			-		-
<b>Total Investments (A) + (B)</b>			<b>70.28</b>		<b>25.10</b>

## NOTES TO FINANCIAL STATEMENTS

### 10b. Trade Receivables

(Unsecured)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Considered Good	144.20	123.40
Provision for receivables	(7.00)	(5.44)
	<b>137.20</b>	<b>117.96</b>
Trade Receivables which have significant increase in credit risk	2.22	2.24
Impairment Allowance (allowance for bad and doubtful debts)	(2.22)	(2.24)
	-	-
<b>Total</b>	<b>137.20</b>	<b>117.96</b>

### Breakup of Trade Receivable

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
- From Related Parties (Refer Note 30)	1.34	2.38
- From Others	135.86	115.58

### Reconciliation of Provision for Receivables

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Opening Balance as at beginning of the year	7.68	2.54
Created during the year	1.57	5.18
Reversed during the year	(0.02)	(0.04)
<b>Closing Balance as at end of the year</b>	<b>9.23</b>	<b>7.68</b>

## NOTES TO FINANCIAL STATEMENTS

### Break-up of Trade Receivables as at 31 March 2025

(₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed Trade Receivables – considered good	83.50	53.43	2.45	2.82	0.81	1.20	144.21
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	2.22	-	-	2.22
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Provision for Trade Receivables	(0.10)	(1.12)	(0.96)	(5.04)	(0.81)	(1.20)	(9.23)
<b>Total</b>	<b>83.40</b>	<b>52.31</b>	<b>1.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137.20</b>

### Break-up of Trade Receivables as at 31 March 2024

(₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed Trade Receivables – considered good	66.70	51.01	3.21	1.68	0.67	0.13	123.40
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	2.24	-	-	-	-	2.24
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Provision for Trade Receivables	(0.06)	(3.27)	(1.87)	(1.68)	(0.67)	(0.13)	(7.68)
<b>Total</b>	<b>66.64</b>	<b>49.98</b>	<b>1.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117.96</b>

Trade Receivables are non-interest bearing and generally have credit period of a maximum of 120 days. For terms and conditions relating to Related Party receivables, Refer Note 30. There are no dues by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member. 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 2025	As at 31 March 2024
Balances with Banks in Current Accounts	1.20	0.65
Fixed Deposit with Banks - Original Maturity Less than 3 Months	13.80	-
<b>Total Cash and Cash Equivalents as per Statement of Cash Flows</b>	<b>15.00</b>	<b>0.65</b>

### 10d. Bank Balance Other than Cash and Cash Equivalents

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Unpaid Dividend accounts*	1.17	1.09
Fixed Deposits with Banks - Original maturity of more than 3 months but less than 12 months (Refer Note below)	48.59	6.17
<b>Total</b>	<b>49.76</b>	<b>7.26</b>

\* There are restrictions on the bank balances held in unpaid dividend accounts

Note: Includes ₹ Nil (Previous year ₹ 6.17 Crores) held as security against Bank Guarantee.

### 10e. Loans

(At Amortised Cost, considered good and unsecured, unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Loans to employees	0.19	0.10
<b>Total</b>	<b>0.19</b>	<b>0.10</b>

### 10f. Other Financial assets

(At Amortised Cost, considered good and unsecured, unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Interest Accrued on Bank Deposits and Bonds	2.65	4.12
Compensated Absences (Net)	0.30	0.38
Fixed Deposits with banks (with remaining maturity period of less than 12 months)	20.35	81.73
<b>Total</b>	<b>23.30</b>	<b>86.23</b>

### 11. Other current assets

(Considered Good, Unsecured unless stated otherwise)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Prepaid Expenses	2.56	1.53
Balances with statutory authorities	0.65	0.81
Advance to Suppliers		
Considered Good	2.45	2.62
Considered Doubtful	0.13	-
Less: Provision for credit impaired advances	(0.13)	-
Rental Advance	0.12	0.26
<b>Total</b>	<b>5.78</b>	<b>5.22</b>

## NOTES TO FINANCIAL STATEMENTS

### 12. Equity Share Capital

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
<b>Authorised Capital</b>		
10,00,00,000 (Previous year 10,00,00,000) Equity Shares of ₹ 1/- each with Voting rights	10.00	10.00
<b>Issued, Subscribed and Paid-up Capital</b>		
7,67,15,853 (Previous year 7,67,15,853) Equity Shares of ₹ 1/- each	7.67	7.67
	<b>7.67</b>	<b>7.67</b>

#### (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 2025		As at 31 March 2024	
	No. of Shares	Value	No. of Shares	Value
<b>At the beginning of the year</b>	7,67,15,853	7.67	7,67,15,853	7.67
Issue of Share Capital	-	-	-	-
<b>At the end of the year</b>	<b>7,67,15,853</b>	<b>7.67</b>	<b>7,67,15,853</b>	<b>7.67</b>

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

(₹ Crores)

Particulars	Number of shares	
	As at 31 March 2025	As at 31 March 2024
<b>Out of the equity shares issued by the company:</b>		
- Tube Investments of India Limited, Holding company	5,40,57,475	5,40,57,475

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of Shares	% against total number of Shares	Number of Shares	% against total number of shares
<b>Equity shares of ₹ 1/- each fully paid up with voting rights:</b>				
Tube Investments of India Limited, the holding company	5,40,57,475	70.47%	5,40,57,475	70.47%

(iv) Each Equity Shareholder is entitled to one vote per share. Pursuant to the approval of the Board of Directors on January 30, 2025, the company declared and paid an interim dividend of ₹ 23.01 Crores (Previous year ₹ 23.01 Crores) during the year ended March 31, 2025. The Board of Directors has proposed a final dividend of ₹ 2/- per Equity Share (As at March 31, 2024 - ₹ 2/-) for the year ended March 31, 2025 subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Ind AS 10, proposed final dividend of ₹ 15.34 Crores (As at 31<sup>st</sup> March 2024 - ₹ 15.34 Crores) is not recognised as a liability as on March 31, 2025.

(v) In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts and distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO FINANCIAL STATEMENTS

### (vi) Details of shares held by promoters

Particulars	Promoter Name	Number of Shares at the beginning of the year	Change during the year	Number of Shares at the end of the year	% of Total Shares	% change during the year
Equity Share of ₹ 1 each fully paid up	Ambadi Investments Limited	5,714	-	5,714	0.01%	-
Equity Share of ₹ 1 each fully paid up	Tube Investments of India Limited	5,40,57,475	-	5,40,57,475	70.47%	-
Equity Share of ₹ 1 each fully paid up	A M M Vellayan Sons P Limited	500	160	660	0.00%	32.00%

### 13. Other equity

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
General Reserve	204.29	204.29
Retained Earnings	193.75	136.08
Capital Redemption Reserve	0.52	0.52
Other Comprehensive Income	(3.24)	(3.25)
<b>Total</b>	<b>395.32</b>	<b>337.64</b>

#### General Reserve

General Reserve - Under the erstwhile Companies Act 1956, General Reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
<b>Balance at the beginning of the year</b>	<b>204.29</b>	<b>204.29</b>
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>204.29</b>	<b>204.29</b>

## NOTES TO FINANCIAL STATEMENTS

### Retained earnings

Retained earnings are the profits/(loss) that the Company has earned till date, dividends paid or other distributions paid to shareholders.

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year	136.08	92.22
Profit for the Year	96.03	82.25
Dividend paid during the year	(38.36)	(38.39)
<b>Balance at the end of the year</b>	<b>193.75</b>	<b>136.08</b>

### Capital Redemption Reserve

The capital redemption reserve is created out of the statutory requirement to create such reserve on buyback of shares. These are not available for distribution of dividend and will not be reclassified subsequently to statement of profit and loss

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year	0.52	0.52
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>0.52</b>	<b>0.52</b>

### Other Comprehensive Income

This reserve represents the cumulative gains and losses arising on the re-measurement of defined benefit obligations.

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
<b>Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)</b>		
Balance at the beginning of the year	(3.25)	(2.35)
Additions during the year (Refer Note 26)	0.01	(0.90)
<b>Balance at the end of the year</b>	<b>(3.24)</b>	<b>(3.25)</b>

## NOTES TO FINANCIAL STATEMENTS

### 14. Other Non Current Liabilities

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Government Grant	0.48	0.48
Provision for Gratuity (Refer Note 28b)	0.39	0.01
<b>Total</b>	<b>0.87</b>	<b>0.49</b>

### Government Grant

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Opening balance at the beginning of the year	0.48	0.48
Received during the year	-	-
Released to the Statement of Profit and Loss	-	-
<b>Closing balance at the end of the year</b>	<b>0.48</b>	<b>0.48</b>

#### Note:

Government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipments accounted for as government grant. These grants will be recognized in statement of profit and loss on the basis of fulfillment of export obligation.

### 15a. Trade Payables

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
<b>Trade Payables</b>		
Total Outstanding dues to micro enterprises and small enterprises (Refer Note 15a.(i))	13.69	9.62
Total Outstanding dues to creditors other than micro enterprises and small enterprises (Refer Note 15a.(ii))	49.01	45.63
<b>Total</b>	<b>62.70</b>	<b>55.25</b>

## NOTES TO FINANCIAL STATEMENTS

### Note

#### 15a(i) Details relating to Micro, Small and Medium Enterprises (MSME)

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Total Outstanding dues to micro enterprises and small enterprises and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	13.69	9.62
Interest accrued and due to suppliers under MSME Act, 2006 on the above amount	-	-
Amount of interest paid by the buyer in terms of section 16 of the MSME Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSME Act, 2006	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSME Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	-	-

Trade payables are non-interest bearing and are normally settled within a period of 180 days. For terms and conditions relating to Related Party payables, Refer Note 37. The information regarding the status, amounts overdue and related interest, if any on dues to micro or small enterprises has been determined on the basis of information available with the management.

#### 15a(ii) Amount payable to related parties

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
CG Power and Industrial Solutions Limited	0.20	0.01
Parry Enterprises India Limited	0.02	-
<b>Total</b>	<b>0.22</b>	<b>0.01</b>

#### Trade Payables Ageing Schedule as on 31 March 2025

(₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years		
(i) Total Outstanding dues to micro enterprises and small enterprises	13.50	0.19	-	-	-	13.69	
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	39.00	10.01	-	-	-	49.01	
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-	-	-	-	-	-	
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	
<b>Total</b>	<b>52.50</b>	<b>10.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62.70</b>	

## NOTES TO FINANCIAL STATEMENTS

### Trade Payables Ageing Schedule as on 31 March 2024

(₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
(i) Total Outstanding dues to micro enterprises and small enterprises	9.13	0.49	-	-	-	9.62
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	40.25	5.38	-	-	-	45.63
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-	-	-	-	-	-
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>49.38</b>	<b>5.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.25</b>

### 15b. Other Financial Liabilities

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Unpaid Dividends#	1.17	1.09
Security Deposits Received	1.81	2.55
Employee benefits expense payable	6.13	4.67
<b>Total</b>	<b>9.11</b>	<b>8.31</b>

#Unpaid dividend does not include amount due and outstanding, to be credited to Investor Education and Protection Fund

### 16. Other current liabilities

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory Liabilities	5.80	5.26
Advances from Customers	19.68	24.79
Provision for Gratuity (Refer Note 28b)	0.77	0.71
<b>Total</b>	<b>26.25</b>	<b>30.76</b>

## NOTES TO FINANCIAL STATEMENTS

### 17. Provisions

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for Liquidated Damages (Refer Note below)	1.28	1.86
Provision for Warranty (Refer Note below)	0.58	0.35
<b>Total</b>	<b>1.86</b>	<b>2.21</b>

#### Note:

(i) Provision for warranty is provided by the company based on past experience of claims received during the warranty period.

### (ii) Movement of Provision for Warranty

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>At the Beginning of the year</b>	<b>0.35</b>	<b>0.26</b>
Add: Provision created during the year	0.22	0.69
	<b>0.58</b>	<b>0.95</b>
Less: Utilised during the year	-	(0.60)
<b>At the end of the year</b>	<b>0.58</b>	<b>0.35</b>

### (iii) Movement of Provision for Liquidated Damages

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>At the Beginning of the year</b>	<b>1.86</b>	<b>0.77</b>
Add: Provision created during the year	0.18	1.09
	<b>2.04</b>	<b>1.86</b>
Less: Utilised during the year	(0.76)	-
<b>At the end of the year</b>	<b>1.28</b>	<b>1.86</b>

### 18. Revenue from Operations

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>Revenue from Contract with Customers</b>		
Sale of Products	590.16	515.72
Sale of Services	8.85	11.91
<b>Revenue from Contract with Customers (A)</b>	<b>599.01</b>	<b>527.63</b>
<b>Other Operating Revenue</b>		
Scrap Sales	4.45	7.73
Export Benefits (Duty Drawback and Export Incentive)	1.16	0.69
<b>Other Operating Revenue (B)</b>	<b>5.61</b>	<b>8.42</b>
<b>Total (A+B)</b>	<b>604.62</b>	<b>536.05</b>

The Company derives its revenue from contracts with customers for sales of goods and services at a point in time. There are no sales to external customers more than 10% of Total Revenue for the year ended 31 March 2025 and 31 March 2024.

## NOTES TO FINANCIAL STATEMENTS

The Company disaggregates revenue geography as below:

(₹ Crores)

Geography	Year Ended 31 March 2025	Year Ended 31 March 2024
India	545.44	496.42
America	39.20	28.78
Europe	3.41	3.68
Others	16.57	7.17
<b>Total</b>	<b>604.62</b>	<b>536.05</b>

### Timing of Revenue Recognition

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Revenue recognised at a point in time	604.62	536.05
<b>Total</b>	<b>604.62</b>	<b>536.05</b>

### Summary of Contract Balances:

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Trade Receivables	137.20	117.96
Advances from Customers	19.68	24.79

### Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price:

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Revenue as per Contracted Price	607.23	537.69
Adjustments for Discounts and Liquidated Damages	(2.61)	(1.64)
<b>Revenue as per Statement of Profit and Loss</b>	<b>604.62</b>	<b>536.05</b>

### 19. Other Income

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Interest Income from Tax Free Bonds	1.45	1.56
Net gain arising on financial assets designated as at Fair Value through Profit or Loss (FVTPL) *	3.73	3.49
Interest Income on		
Fixed Deposits with Banks	5.69	6.79
Others	0.17	0.44
Other Non-Operating Income		
Rental Income	1.29	1.74
Gain on disposal of property, plant and equipment	0.07	1.78
Net gain on foreign currency transactions and translations	0.77	0.31
Provision no longer required written back	1.38	4.48
Miscellaneous Income	0.11	0.47
<b>Total</b>	<b>14.66</b>	<b>21.06</b>

\* Includes ₹ 1.34 Crs (Previous year: ₹ 0.52 Crs) for Fair Value Changes on Mutual Funds.

## NOTES TO FINANCIAL STATEMENTS

### 20. Cost of Materials Consumed

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Opening Stock	40.40	27.57
Purchases of Raw Materials	279.07	275.09
Closing Stock	(37.50)	(40.40)
<b>Total</b>	<b>281.97</b>	<b>262.26</b>

### 21. Changes in inventories of Finished goods and work in progress

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>Inventories at end of the year</b>		
Work-in-Progress	27.90	39.86
Finished Goods	13.82	4.19
	<b>41.72</b>	<b>44.05</b>
<b>Inventories at beginning of the year</b>		
Work-in-Progress	39.86	30.93
Finished Goods	4.19	7.49
	<b>44.05</b>	<b>38.42</b>
<b>Net Decrease/(Increase) in inventories</b>		
Work-in-Progress	11.96	(8.93)
Finished Goods	(9.63)	3.30
<b>Total</b>	<b>2.33</b>	<b>(5.63)</b>

### 22. Employee Benefit Expense

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Salaries, Wages and Bonus	71.18	63.87
Contribution to Provident and Other Funds (Refer Note 28a)	2.72	2.97
Gratuity (Refer Note 28b)	0.69	0.62
Staff Welfare Expenses	7.10	9.37
<b>Total</b>	<b>81.69</b>	<b>76.83</b>

### 23. Depreciation and amortization expense

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Depreciation of Property, Plant and Equipment (Refer Note 4a)	12.86	12.87
Depreciation of Investment properties (Refer Note 5)	0.11	0.11
Amortisation of Intangible Assets (Refer Note 4b)	0.33	0.23
<b>Total</b>	<b>13.30</b>	<b>13.21</b>

## NOTES TO FINANCIAL STATEMENTS

## 24. Other Expense

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Consumption of Stores and Spares	8.18	9.04
Subcontracting Charges	30.77	24.98
Power and Fuel	15.71	13.60
Rent	0.28	0.53
Repairs and Maintenance - Building	1.87	3.16
Repairs and Maintenance - Machinery	17.40	14.16
Repairs and Maintenance - Others	1.44	1.25
Other maintenance expenses	1.85	1.90
Insurance	0.65	0.58
Rates and Taxes	3.32	2.52
Software Expenses	2.56	2.34
Communication	0.23	0.24
Travelling and Conveyance	3.34	2.42
Printing, Stationery and Communication	0.43	0.61
Freight, Delivery and Shipping Charges	8.71	5.45
Commission	0.43	1.25
Advertisement and Publicity	1.04	2.15
Payments to auditors (Refer Note (i) below)	0.16	0.18
Expenditure on Corporate Social Responsibility (Refer Note (ii) below)	1.72	1.18
Professional & Consultancy charges	2.98	3.03
Service Fees	3.00	2.25
Provision for credit impaired trade receivables (Net)	1.55	5.13
Provision for credit impaired other receivables (Net)	0.34	0.61
Provision for Warranty	0.23	0.10
Commission to Non Executive Directors	0.28	0.30
Directors' sitting fees	0.12	0.12
Bank Charges	0.44	0.52
Loss on Sale of investments	-	0.21
Miscellaneous Expenses	0.87	0.99
	<b>109.90</b>	<b>100.80</b>

## NOTES TO FINANCIAL STATEMENTS

### 24. (i) Auditor's Remuneration

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>Payment to Auditors comprise</b>		
For Statutory Audit	0.15	0.16
For Tax Audit	0.01	0.01
<b>Total</b>	<b>0.16</b>	<b>0.17</b>

### 24. (ii) Corporate Social Responsibility

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Gross amount required to be spent by the Company during the year	1.72	1.16
Amount spent during the year		
(i) Construction/acquisition of any asset	0.19	0.53
(ii) On purposes other than (i) above	1.53	0.65
<b>Total</b>	<b>1.72</b>	<b>1.18</b>
Shortfall at the end of the year	Nil	Nil
Reason for shortfall	Not Applicable	Not Applicable
Nature of CSR activities	1) Education, 2) Environmental sustainability 3) Poverty Eradication 4) Promotion of Sports 5) Sanitation	1) Education, 2) Environmental sustainability 3) Poverty Eradication 4) Promotion of Sports 5) Sanitation
Details of related party transactions	Nil	Nil

### 25. Income Tax Expense

The major components of income tax expense for the years ended 31 March 2025 and 31 March 2024 are:

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
<b>Current Tax:</b>		
Current Income Tax Charge	33.95	28.04
<b>Deferred Tax:</b>		
Relating to the origination and reversal of temporary differences	0.11	(0.65)
<b>Income Tax Expense reported in the Statement of Profit and Loss</b>	<b>34.06</b>	<b>27.39</b>

## NOTES TO FINANCIAL STATEMENTS

### Other Comprehensive Income (OCI)

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

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Tax Effect on		
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	(0.00)	0.30
<b>Income Tax charged to OCI</b>	<b>(0.00)</b>	<b>0.30</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2025 and 31 March 2024:

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 2025	Year Ended 31 March 2024
<b>Accounting Profit Before Tax</b>	<b>130.09</b>	<b>109.64</b>
Profit before income tax multiplied by standard rate of corporate tax in India of 25.168% (Previous year: 25.168%)	32.74	27.59
Effects of:		
Income Exempt from tax	(0.34)	(0.63)
Permanent Disallowances	0.49	0.35
Other Disallowances	1.17	0.08
<b>Income Tax expense reported in the Statement of Profit and Loss</b>	<b>34.06</b>	<b>27.39</b>

### 26. Components of Other Comprehensive Income (OCI)

(₹ Crores)

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	0.01	(1.20)
Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods	(0.00)	0.30
<b>Other Comprehensive Income for the year</b>	<b>0.01</b>	<b>(0.90)</b>

### 27. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit after tax for the year and the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit after tax for the year and the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares if any.

## NOTES TO FINANCIAL STATEMENTS

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

Particulars	Year Ended 31 March 2025	Year Ended 31 March 2024
Profit After Tax	96.03	82.25
Weighted average number of Equity Shares		
– Basic	7,67,15,853	7,67,15,853
– Diluted	7,67,15,853	7,67,15,853
Earnings Per Share of ₹ 1 each		
– Basic (in ₹)	12.52	10.72
– Diluted (in ₹)	12.52	10.72
Weighted average number of Equity Shares in calculating Basic Earnings Per Share	7,67,15,853	7,67,15,853
Weighted average number of Equity Shares in calculating Diluted EPS	7,67,15,853	7,67,15,853

### 28. Employee Benefits Obligation

#### a. Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll cost to fund the benefit. The Company recognised ₹ 2.51 Crores (Previous year ₹ 2.80 crores) for Provident Fund contribution, ₹ 0.21 Crores (Previous year ₹ 0.17 crores) for Employee State Insurance Scheme to charge in the Statement of Profit and Loss. The contribution payable to these plans by the Company are at the rates specified in the rules of the scheme.

#### b. Defined Benefit Plan

##### (i) Gratuity

Under the Gratuity plan operated by the Company, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per the Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the Balance Sheet.

(₹ Crores)

Particulars	31 March 2025	31 March 2024
<b>A. Change in defined benefit obligation</b>		
1 Defined benefit obligation at beginning of year	10.96	9.32
2 Service cost		
a. Current service cost	0.65	0.63
3 Interest expenses	0.71	0.65
4 Cash flows		
a. Benefit payments from plan	(1.09)	(0.74)
5 Re-measurements		
a. Effect of changes in financial assumptions	(0.04)	1.35
b. Effect of experience adjustments	0.02	(0.10)
c. Effect of Demographic assumptions	-	(0.15)
6 Defined benefit obligation at end of year	<b>11.21</b>	<b>10.96</b>

## NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

<b>B. Change in fair value of plan assets</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Fair value of plan assets at beginning of year	10.24	8.63
2 Interest income	0.67	0.66
3 Cash flows		
a. Total employer contributions	0.25	1.78
b. Benefit payments from plan assets	(1.10)	(0.73)
4 Re-measurements		
a. Return on plan assets (excluding interest income)	(0.01)	(0.10)
5 Fair value of plan assets at end of year	<b>10.05</b>	<b>10.24</b>

(₹ Crores)

<b>C. Amounts recognized in the Balance Sheet</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Defined benefit obligation	11.21	10.96
2 Fair value of plan assets	10.05	10.24
3 Funded status	(1.16)	(0.72)
4 Defined benefit liability/(asset) (net)	(1.16)	(0.72)

(₹ Crores)

<b>D. Components of Defined Benefit Obligation (Net)</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Service cost		
a. Current service cost	0.65	0.64
2 Net interest cost		
a. Interest expense on Defined Benefit Obligation	0.71	0.65
b. Interest income on plan assets	0.67	0.66
c. Net interest cost	0.04	(0.01)
3 Re-measurement of defined benefit obligations (Net) (recognized in OCI)		
a. Effect of changes in financial assumptions	(0.04)	1.35
b. Effect of experience adjustments	0.02	(0.10)
c. Effect of Demographic assumptions	-	(0.15)
d. Return on plan assets (excluding interest income)	0.01	0.10
e. Total re-measurement included in OCI	(0.01)	1.20
4 Total defined benefit cost recognized in P&L and OCI	<b>0.69</b>	<b>1.83</b>

(₹ Crores)

<b>E. Employer Expense (P&amp;L)</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
a. Current Service Cost	0.65	0.63
b. Interest Cost on defined benefit obligations (net)	0.04	(0.01)
<b>c. Expenses recognised in Statement of Profit or Loss</b>	<b>0.69</b>	<b>0.62</b>

(₹ Crores)

<b>F. Reconciliation of Other Comprehensive Income (OCI) (Re-measurement)</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Recognised in OCI as at the beginning of the year	(4.38)	(3.18)
2 Recognised in OCI during the year	0.01	(1.20)
<b>3 Recognised in OCI as at the end of the year</b>	<b>(4.37)</b>	<b>(4.38)</b>

## NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

<b>G. Sensitivity analysis</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Discount rate + 1%	(0.60)	(0.49)
2 Discount rate - 1%	0.66	0.54
3 Salary Increase Rate + 1%	0.61	0.48
4 Salary Increase Rate - 1%	(0.58)	(0.46)
5 Attrition Rate + 1%	(0.13)	(0.10)
6 Attrition Rate - 1%	0.14	0.11

<b>H. Significant actuarial assumptions</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Discount Rate	6.84%	7.22%
2 Salary Escalation Rate	10.00%	10.50%
3 Attrition Rate	15.00%	11.00%
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

<b>I. Data</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Number of Employees	503	495
2 Average Age (years)	44.26	45.17
3 Average Past Service (years)	13.70	14.66
4 Average Monthly Salary	25044	23794
5 Years of Future Service	13.74	12.83
6 Weighted average duration of Defined Benefit Obligation	11.31	7.91

(₹ Crores)

<b>J. Expected cash flows for following year</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
1 Expected employer contributions	0.77	0.72
2 Expected total benefit payments		
Year 1	1.00	1.30
Year 2	0.99	1.24
Year 3	0.87	1.23
Year 4	1.14	1.07
Year 5	1.14	1.10
Next 5 years	3.76	3.63
Pay-outs Above Ten Years	2.31	1.39

## NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

K. Defined benefit obligation at end of year	31 March 2025	31 March 2024
Current Obligation	0.77	0.71
Non-Current Obligation	0.39	0.01
<b>Total</b>	<b>1.16</b>	<b>0.72</b>

**Notes:**

- The entire Plan assets are invested in life insurer managed funds with the Life Insurance Corporation of India.(LIC)
- The expected return on Plan assets is as furnished by Life Insurance Corporation of India.(LIC)
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

**c. Long Term Compensated Absences**

Actuarial Assumption	31 March 2025	31 March 2024
Discount Rate	6.84%	7.20%
Future Salary Increase	10.00%	10.50%
Attrition Rate	15.00%	11.00%
Expected Rate of Return on Plan Assets	6.84%	7.20%

These plans typically expose the Company to actuarial risk such as interest rate risk, longevity risk and salary risk.

**Interest Rate Risk:** A decrease in the bond interest rate will increase the plan liability.

**Longevity Risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**29. Capital Commitments and Contingencies****29a. Contingent Liabilities**

(₹ Crores)

Sl.No.	Particulars	As at 31 March 2025	As at 31 March 2024
i	Claims against the Company not acknowledged as debts	0.55	0.55
ii	Disputed Excise Duty on Inter Unit transfer of Machinery - Duty Rs.0.76 Crores and Penalty 0.76 Crores. The Appellate Tribunal has passed the order and the matter is pending before Jurisdiction Officer	1.52	1.52
iii	Penalty under Section 122(2)(b) of CGST Act, 2017 read with Section 74	2.02	-

**29b. Capital Commitments**

(₹ Crores)

Sl.No.	Particulars	As at 31 March 2025	As at 31 March 2024
i	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	19.58	3.62
ii	Export Obligation under EPCG/Advance License scheme to be fulfilled. The Company is confident of meeting its obligation under the scheme within the stipulated period	2.88	2.88

## NOTES TO FINANCIAL STATEMENTS

### 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.

### 30. Related Party Disclosure

#### a. List of related parties

Name of the Related Party	Relationship
Tube Investments of India Limited	Holding Company
Financiere C 10	
Sedia SAS	
Sedis Co Ltd., UK	
Sedis GmbH	
CG Power and Industrial Solutions Limited	
CG Power Equipments Limited	
CG Adhesive Products Limited	
CG Drives & Automation, Netherlands BV	
CG Drives & Automation, Sweden AB	
CG Industrial Holdings, Sweden AB	
CG International BV	
CG Power Americas, LLC	
CG DE Sub, LLC	
CG International Holdings Singapore PTE Ltd	
CG Sales Networks Malaysia Sdn. Bhd	
PT Crompton Prima Switchgear Indonesia	
CG Drives & Automation Germany GmbH	Fellow Subsidiaries
Jayem Automotives Private Limited	
IPLTech Electric Private Limited	
Great Cycles (Private) Ltd	
Creative Cycles (Private) Ltd	
3xper Innoventure Limited	
TI Medical Private Limited (formerly Lotus Surgicals Private Limited)	
Tivolt Electric Vehicles Private Limited	
Moshine Electronics Private Limited	
TICMPL Technology (Shenzhen) Co Limited	
KCALTech System India Private Limited	
Axiro Semiconductor Private Limited	
Axiro Semiconductor Inc	
Axiro Semiconductor Turkey Araştırma ve Geliştirme A.Ş.	
Axiro Semiconductor (Shenzhen) Co.Ltd	
TI Clean Mobility Private Limited	
Parry Enterprises India Limited (w.e.f FY 2024-25)	
Parry Agro Industries Limited	
Aerostrovilos Energy Private Limited	Associate and Joint Venture of Holding Company
Ambadi Investments Limited	
X2Fuels and Energy Private Limited	

## NOTES TO FINANCIAL STATEMENTS

Mr. M Karunakaran - Whole Time Director	Key Management Personnel (KMP)
Mr Ranjan Kumar Pati - Chief Financial Officer	
Mr Walter Vasanth PJ - Company Secretary	
L Ramkumar	Non Executive Directors
Arun Venkatachalam	
Balamurugan J	
S K Sundararaman	
Soundara Kumar	
Krishna Samaraj	
M A M Arunachalam	
Mukesh Ahuja	

**b. During the year the following transactions were carried out with the related parties in the ordinary course of business:**

(₹ Crores)

Transaction	Related Party	Year ended 31 March 2025	Year ended 31 March 2024
Services Fees Paid	Tube Investments of India Limited	3.00	2.25
Dividend Paid	Tube Investments of India Limited	27.03	27.03
Sales of Goods and Services rendered	Tube Investments of India Limited	7.20	4.66
	CG Power and Industrial Solutions Limited	2.16	3.53
Purchases of Goods	CG Power and Industrial Solutions Limited	1.44	0.89
	Tube Investments of India Limited	0.12	-
Sitting Fees and Commission	Non Executive Director	0.39	0.42
Reimbursement of Expenses	Tube Investments of India Limited	1.16	0.98
	CG Power and Industrial Solutions Limited	-	0.08
Booking of Air Tickets - Expenses Incurred	Parry Enterprises India Limited	1.15	-
Remuneration	Key Managerial Personnel	1.38	1.63
Advance to Suppliers	CG Power and Industrial Solutions Limited	-	0.06
Trade Payables	CG Power and Industrial Solutions Limited	0.20	0.01
	Parry Enterprises India Limited	0.02	-
Trade Receivables	Tube Investments of India Limited	1.34	1.11
	CG Power and Industrial Solutions Limited	-	1.27

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

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
- Salaries and Allowances	1.37	1.61
- Perquisites	0.01	0.02

## NOTES TO FINANCIAL STATEMENTS

### Terms and Conditions of transactions with Related Parties:

The sale to and purchases from Related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in Cash. For the year ended March 31, 2025, the Company has not recorded any impairment of receivables relating to amounts owed by Related Parties.

### 31. Segment Reporting

The Company's main business is manufacture, design and servicing of Gears & Gear Products. The Chief Operating Decision Maker (CODM i.e. Board of Directors) review the operating results as a whole for the purposes of making decisions about resources to be allocated and assess its performance and hence, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 - Operating Segments.

#### Revenue from external customers

(₹ Crores)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
India	545.44	496.41
Outside India	59.18	39.64
<b>Total Revenue per Statement of Profit or Loss</b>	<b>604.62</b>	<b>536.05</b>

#### Non - Current Operating Assets

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
India	122.41	115.05
<b>Total</b>	<b>122.41</b>	<b>115.05</b>

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

(₹ Crores)

Particulars	As at 31 March 2025	As at 31 March 2024
Segment Assets	499.06	437.42
Add: Deferred Tax Assets	5.26	5.38
<b>Total</b>	<b>504.32</b>	<b>442.80</b>

Particulars	As at 31 March 2025	As at 31 March 2024
Segment Liabilities	101.33	97.49
<b>Total</b>	<b>101.33</b>	<b>97.49</b>

### 32. Operating Leases

The company has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹ 0.28 Crores (Previous year - ₹ 0.53 Crores) is charged to Statement of Profit and Loss. As lessor, the Company realized an income of ₹ 1.29 Crores (Previous year - ₹ 1.74 Crores) on properties under leases. All the lease agreements entered into by the company as a lessee are with lease terms of 12 months or less. The company applies "Short Term Lease" exemption for these leases.

## NOTES TO FINANCIAL STATEMENTS

### 33. Details of unhedged foreign currency exposures

Particulars	Currency	As at 31 March 2025		As at 31 March 2024	
		Foreign Currency	INR (₹ in Crores)	Foreign Currency	INR (₹ in Crores)
Trade Receivables	USD	1,731,928.9	14.80	720,253.94	6.01
	GBP	-	-	31,947.90	0.34
	EURO	175,889.81	1.59	8,051.94	0.07

### 34. Fair Value Measurement

(₹ Crores)

Particulars	Carrying Value		Fair Value	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>Financial Assets</b>				
Non-Current Investments	18.21	20.21	17.87	20.35
Current Investments	70.28	25.10	70.24	25.10
Trade Receivables	137.20	117.96	137.20	117.96
Cash and Cash Equivalents	15.00	0.65	15.00	0.65
Other Bank Balances	49.76	7.26	49.76	7.26
Other Financial Assets - Current	23.30	86.23	23.30	86.23
Loans	0.19	0.10	0.19	0.10
Other Financial Assets - Non Current	7.26	7.43	7.26	7.43
<b>Total</b>	<b>321.20</b>	<b>264.94</b>	<b>320.82</b>	<b>265.08</b>
<b>Financial Liabilities</b>				
Trade Payables	62.70	55.25	62.70	55.25
Other Financial Liabilities - Current	9.11	8.31	9.11	8.31
<b>Total</b>	<b>71.81</b>	<b>63.56</b>	<b>71.81</b>	<b>63.56</b>
<b>Assets for which fair values are disclosed</b>				
Investment Properties	7.43	7.54	43.13	43.13
<b>Total</b>	<b>7.43</b>	<b>7.54</b>	<b>43.13</b>	<b>43.13</b>

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 fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

## NOTES TO FINANCIAL STATEMENTS

i. The fair values of investments and mutual funds are derived from quoted market prices in active markets

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 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>Financial Assets</b>						
<b>Measured at Amortised Cost</b>						
Non-Current Investments	18.21	20.21	-	-	-	-
Current Investments	2.00	-	-	-	-	-
<b>Total</b>	<b>20.21</b>	<b>20.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Measured at Fair Value through Profit or Loss (FVTPL)</b>						
Current Investments	68.28	25.10	-	-	-	-
<b>Total</b>	<b>68.28</b>	<b>25.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Assets for which fair values are disclosed</b>						
Investment Properties	-	-	-	-	43.13	43.13
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.13</b>	<b>43.13</b>

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2025 and 31 March 2024 are given below:

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Investment Property as at 31 March 2025	Discounted Cash Flow (DCF) Model	Discount Rate	4.04% - 4.46%	5% Sensitivity : 4.46% - ₹ (2.04 Crores) 4.04% - ₹ 2.27 Crores
Investment Property as at 31 March 2024	Discounted Cash Flow (DCF) Model	Discount Rate	4.04% - 4.46%	5% Sensitivity : 4.46% - ₹ (2.04 Crores) 4.04% - ₹ 2.27 Crores

### 35. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company. The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The Company is equity financed and has always been a net cash company with cash and bank balances along with investment which is predominantly invested in liquid and short-term mutual funds.

### 36. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade payables. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

## NOTES TO FINANCIAL STATEMENTS

### A. MARKET RISK

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

#### Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to 5% appreciation in USD, EURO and GBP exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

#### Foreign Currency Sensitivity Analysis

(₹ Crores)

Particulars	Nature	As at 31 March 2025		As at 31 March 2024	
		Profit or Loss	Equity	Profit or Loss	Equity
<b>USD:</b>					
Increase by 5%	Receivables	0.74	0.55	0.30	0.29
Decrease by 5%	Receivables	(0.74)	(0.55)	(0.30)	(0.29)
<b>GBP:</b>					
Increase by 5%	Receivables	-	-	0.02	0.02
Decrease by 5%	Receivables	-	-	(0.02)	(0.02)
<b>EURO:</b>					
Increase by 5%	Receivables	0.08	0.06	0.01	0.01
Decrease by 5%	Receivables	(0.08)	(0.06)	(0.01)	(0.01)

### 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 ₹ 321.20 Crores as at 31 March 2025 and ₹ 264.94 Crores as at 31 March 2024, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, mutual fund investments 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 2025, the Company has 1 customer (31 March 2024: 1 customer), the receivables from whom exceeds 5% of total receivables which amounts to approximately 6% (31 March 2024: 10%) of all the total receivables outstanding.

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

## NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

Trade Receivables	31 March 2025			31 March 2024		
	Gross	Provision	Net	Gross	Provision	Net
Not Due	83.49	0.09	83.40	66.70	0.06	66.64
Less than 6 months	53.43	1.12	52.30	53.25	3.27	49.98
More than 6 months	9.50	8.01	1.49	5.69	4.35	1.34
<b>Total</b>	<b>146.42</b>	<b>9.22</b>	<b>137.20</b>	<b>125.64</b>	<b>7.68</b>	<b>117.96</b>

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	Total
<b>Year ended 31 March 2025</b>				
Trade Payables	52.04	10.20	0.47	<b>62.70</b>
<b>Year ended 31 March 2024</b>				
Trade Payables	48.80	6.23	0.22	<b>55.25</b>

### 37. Financial Ratios

Sl. No.	Particulars	Year Ended			Reason (If Variation is more than 25%)
		31 March 2025	31 March 2024	% Change	
(i)	Current Ratio (Current Assets/Current Liabilities)	3.80	3.38	12.51%	Not applicable
(ii)	Debt Service Coverage Ratio (EBITDA/Finance Cost + Principal repayment on long term borrowing)	NA	NA	NA	Not applicable
(iii)	Inventory Turnover Ratio (Net Sales/Average Inventory)	7.30	7.06	3.40%	Not applicable
(iv)	Trade Payables Turnover Ratio (Net Credit Purchases/Average Trade Payables)	4.73	5.35	-11.51%	Not applicable
(v)	Debt-Equity Ratio (Debt/Equity)	NA	NA	NA	Not applicable
(vi)	Return on Equity Ratio (Net Profit after Taxes Less Preference Dividend/ Average Shareholder's Equity)	25.67%	25.40%	1.06%	Not applicable
(vii)	Trade Receivables Turnover Ratio (Net Credit Sales/Average trade receivables)	4.74	5.76	-17.74%	Not applicable

## NOTES TO FINANCIAL STATEMENTS

(viii)	Net Capital Turnover Ratio (Net Sales/Working Capital)	2.36	2.52	-6.32%	Not applicable
(ix)	Return on Capital Employed (PBIT/Average Capital Employed)	34.77%	33.86%	2.69%	Not applicable
(x)	Return on Investment (Income from Investments/Average Investments)	7.03%	8.85%	-20.57%	Not applicable
(xi)	Net Profit Margin (PAT/Total Sales)	15.51%	15.34%	1.07%	Not applicable

### 38. Details of Research and Development (R&D) expenses

(₹ Crores)

Sl.No.	Particulars	2024-25	2023-24
(i)	Capital Expenditure	4.85	6.88
(ii)	Revenue Expenditure	2.60	2.47
<b>Total</b>		<b>7.45</b>	<b>9.35</b>

Note : Research and Development expenses of Revenue nature have been classified under the relevant heads of accounts in the Statement of Profit and Loss and the expenditure of capital nature is grouped under PPE/CWIP.

### 39. Other Statutory Information

- (i) The Company does not have any transactions with Companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf.
- (vi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vii) The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- (viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (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.

## NOTES TO FINANCIAL STATEMENTS

### 40. Information relating to Proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 on Audit Trail

- a. The Company has used two accounting software systems for maintaining its books of account. In respect of one of the software systems, the audit trail feature was enabled at the application level for additional tables for the relevant transactions and at the database level for logging direct data changes, effective October 2024. The audit trail feature has remained operational from the date of enablement and to the best of the Company's knowledge, has not been tampered with. The Company has retained the audit trail data, to the extent enabled and recorded, in accordance with applicable statutory requirements.
- b. With respect to the software used for recording payroll transactions, the audit trail feature was enabled at the application level throughout the year. The database servers for this application are hosted and managed by a third-party service provider. Consequently, we could not are unable to confirm whether the audit trail feature was enabled at the database level throughout the year. The audit trail data, to the extent enabled and recorded, has been preserved in line with statutory requirements.

### 41. Previous year's figures are reclassified/recasted wherever necessary to conform to the current year's classification

### 42. The financial statements were approved by the Board of Directors on 24 April 2025

#### For M S K A & Associates

#### Chartered Accountants

ICAI Firm Registration No.105047W

#### Geetha Jeyakumar

Partner  
Membership No.029409

Place: Coimbatore

Date: 24 April 2025

#### M Karunakaran

Whole-time Director  
(DIN: 09004843)

#### Ranjan Kumar Pati

Chief Financial Officer

#### For and on behalf of the Board of Directors

#### M A M Arunachalam

Chairman  
(DIN: 00202958)

#### Walter Vasanth P J

Company Secretary



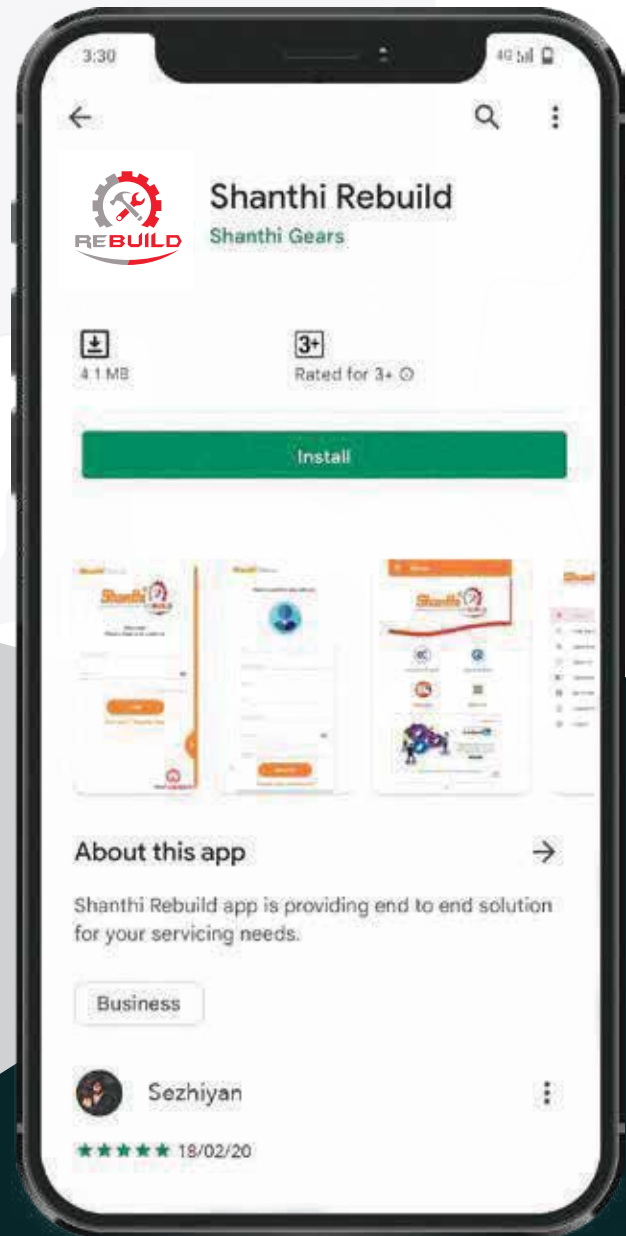






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