Shanthi Gears
AS 9100C
(Based on and including ISO 9001:2008)
NVT - QC

SHANTHI GEARS LIMITED

Regd. Office :
304-A, Trichy Road,
Singanallur
Coimbatore - 641 005

Phone : +91-422-4545745
Fax : +91-422-4545700
E-mail : info@shanthigears.murugappa.com
Website : www.shanthigears.com
CIN : L29130TZ1972PLC000649

murugappa

August 8, 2017

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

Stock Code: SHANTIGEAR
Trough NEAPS

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

Stock Code: 522034
Through BSE Listing Centre

Dear Sirs,

Sub: Submission of Annual Report for FY 2016-17

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are sending herewith the Annual Report of the Company for the financial year 2016-17.

Kindly take the same on record.

Thanking You,

Yours faithfully,
For SHANTHI GEARS LIMITED

C SUBRAMANIAM
COMPANY SECRETARY

Shanthi Gears

DRIVING
SUSTAINABLE
PROFITABLE
GROWTH

SHANTHI GEARS LIMITED
ANNUAL REPORT 2016-17

CONTENTS

Cautionary Statement

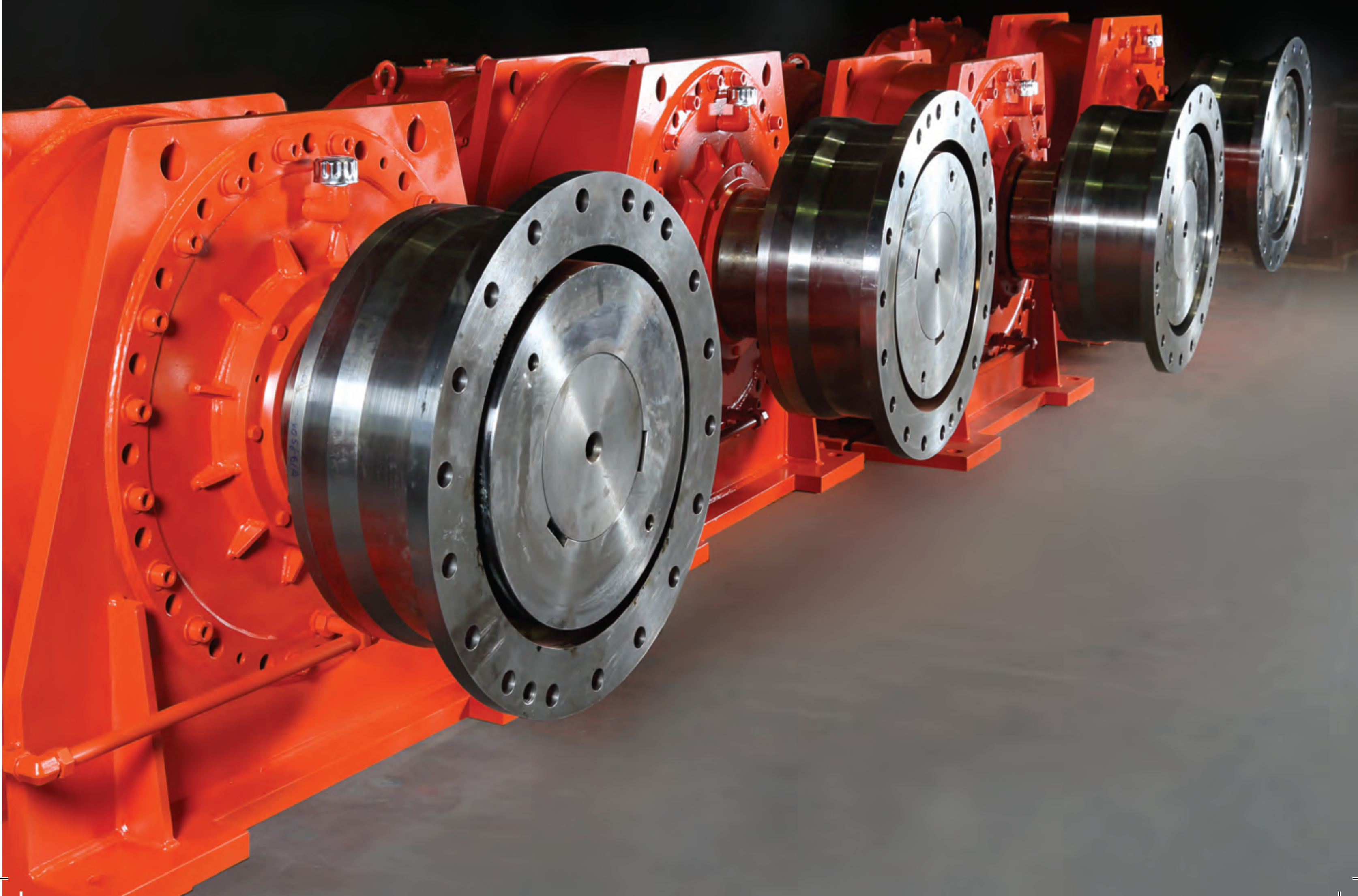
Certain expectations and projections regarding the future performance of the Company referenced in the Annual Report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating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

DRIVING SUSTAINABLE PROFITABLE GROWTH

2016-17 - Shanthi Gears leveraged its strength of being a manufacturer of quality gears and assemblies to enlarge its market presence, create a robust channel, enhance process capabilities, launch new products and build a strong people resource.

The year was marked by a concerted drive for consolidation of competencies, innovative engineering, customer centric value creation and brand leadership.

Differentiated strategies with one clear focus - driving sustainable, profitable growth.



CHAIRMAN'S MESSAGE

Dear Shareholders,

2016-17. At Shanthi Gears, the year was marked by a focused drive for steady, sustainable growth. Despite the domestic market registering a slowdown, reacting to the demonetisation and currency correction initiative of the Government, your Company recorded a turnover of ₹ 203.82 Crores overcoming hurdles with growth-led strategies of enhancing efficiencies, exploring new markets and enlarging the customer base.

In line with this, the Company followed a roadmap of capacity enhancement, new product innovation, market and channel development, customer partnering and value added services to grow the business.

During the year the Company rolled out the OPEX model of work practices for optimising efficiencies, reducing downtime, managing cost and adhering to best-in-class standards in quality and execution. Training and capability building programmes enhanced people efficiencies, gearing them for greater responsibilities and growth.

At Shanthi Gears the future holds great promise. The Company's reputation as a manufacturer of quality gears and its technical expertise has positioned it as a reliable supplier to large OEMs, Government Undertakings, End-Users and Distributors. The Government's 'Make-in-India' thrust and infrastructure building programmes will further provide us the opportunities in conventional and emerging markets.

Across Shanthi Gears there is a strong focus on building sustainable and profitable growth. The team has charted out an aggressive growth map and is well on the way to meet ambitious targets that it has set for itself.

Our People are our greatest assets. I thank the respective teams across the Company for their diligence and dedication and look forward to the achievement of greater goals.

In our journey, the members of the Board have been a great source of strength and support. I thank them sincerely for their active involvement, support and guidance to the Company's Management Team and to me personally.

I thank all of you dear shareholders for your continued support and for the confidence reposed in us. We will do our best.

Sincerely,

M M Murugappan

DRIVING SUSTAINABLE PROFITABLE GROWTH

Award for 'Best Improvement in Employee Engagement' in Medium Business Category in the Murugappa Group.

At Shanthi Gears, we believe people potential is of vital importance for the growth of an organisation.

In line with this, the Company focused on building a strong people resource, resilient and ready to meet the challenges of a competitive and global business environment.

Collaborative team projects, focus on best practices, multi-skilling of workmen, communication meetings fostering trust and transparency, employee engagement initiatives, motivational reward and recognition programmes - across Shanthi Gears, differentiated people strategies were deployed to build an empowered, goal driven, workforce.

Training and capability development modules were mapped to accelerate learning, hone people competencies and build a talent and leadership pipeline.

Driven by a passion to excel, teams across the Company participated in various competitions, winning awards for best-in-class work practices.

Capability building, commitment to customer-centric value creation and a thrust to accelerate performance - these formed part of the people strategies to drive the Company's goal of sustainable, profitable growth.

DRIVING SUSTAINABLE PROFITABLE GROWTH

Quality, Dependability, Deliverability- the 3 word formula has defined us at Shanthi Gears and has been our main strength. When our customers refer to our gears as “quality gears” that have been working non stop at their factories for years, it makes us happy at our brand reputation. A reputation, earned from our uncompromising focus on quality and our commitment to customer value creation. A reputation, that comes with a great responsibility to sustain and surpass and also challenges us to push limits.

Carrying this forward, the Company launched a range of new products and value added services, both for the non standard segment and channel market.

The Company expanded its presence in the niche, non standard space, with custom built, import-substitute products and replacement spares for highly critical applications.

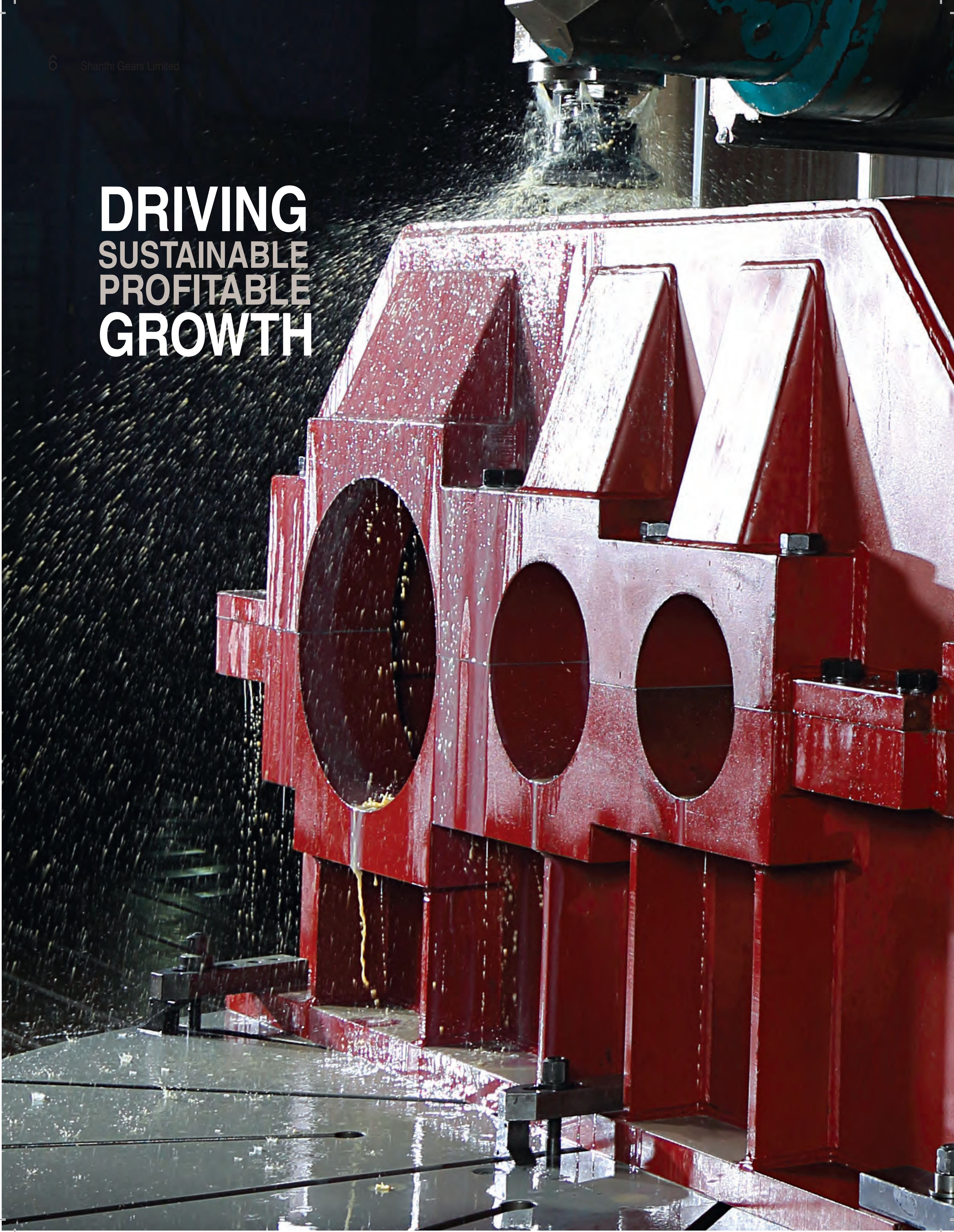
Leveraging its industry experience, technical knowhow and design engineering expertise, the Company focused on market penetration and value partnering with OEM’s, Government Undertakings and Large End User segments.

During the year, sales of helical gears showed a steady upward graph, while worm gears gained good traction.

To address the burgeoning demand in the Channel market, the Company launched the ‘Elite’ brand of Standard Helical Gears, ‘Worm +’ range of Standard Worm Gears and the ‘Power +’ group of Gear Couplings.

The Company adopted an aggressive and strategic roadmap for market expansion and brand visibility. Channel promotion and market building initiatives such as Customer Connect Meets, All India Dealer Meet, Customer Portal, E-Store and Service Centre, enabled a significant growth in sales and service revenue for the Company.

DRIVING SUSTAINABLE PROFITABLE GROWTH



Automation, capacity augmentation, process optimisation - at Shanthi Gears the focus was to consolidate capabilities, enhance efficiencies and build best-in-class manufacturing systems.

Envisioning the demand from new and emerging markets and to address niche, high value segments, the Company enhanced its process capabilities in line balancing by adding modern, fully automated hobbing and grinding machines, to manufacture special gears for heavy duty applications. Prototype development and product approval of a new drive assembly was a major breakthrough during the year, gaining access to new markets.

At Shanthi Gears, Operational Excellence became the main focus in building people, process and product capabilities.

DRIVING SUSTAINABLE PROFITABLE GROWTH

To foray into new geographies, new product segments, the Company built capabilities across the value chain to address critical applications in conventional and emerging markets.

10 YEAR FINANCIAL HIGHLIGHTS

₹ Crores

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
OPERATING RESULTS										
Sales (Including excise duty)	203.82	182.11	165.03	166.69	159.01	186.67	173.46	129.07	276.90	274.73
Profit before Depreciation, Interest & Tax (PBDIT)	46.33	39.86	29.89	51.56	50.93	69.32	71.48	53.14	103.20	94.61
Profit before Interest & Tax (PBIT)	28.50	23.15	13.14	25.95	22.36	42.10	44.64	26.21	77.43	72.15
Profit before Tax (PBT)	28.50	23.15	13.11	25.93	22.07	41.60	43.76	24.33	68.81	67.49
Profit after Tax (PAT)	22.51	17.73	9.32	18.38	15.47	28.13	27.86	16.18	44.06	44.16
Earnings Per Share (₹)	2.75	2.23	1.14	2.25	1.89	3.44	3.41	1.98	5.39	5.40
Dividend Per Share (₹)	0.75	0.50	0.50	1.00	0.60	1.00	1.00	0.80	1.20	1.20
Book Value Per Share (₹)	37.49	34.75	33.14	32.61	31.53	30.33	28.05	25.80	24.75	20.77
Interest	-	-	0.03	0.02	0.29	0.62	8.76	3.81	11.56	6.37
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	8.17	8.17	8.17	8.17	8.17	8.17	8.17	8.17	8.17	8.17
Reserves & Surplus	298.15	275.72	262.57	258.23	249.41	239.67	221.04	202.68	194.12	161.53
Net Worth	306.32	283.89	270.74	266.40	257.58	247.84	229.21	210.85	202.29	169.70
Debt	-	-	-	-	-	3.96	9.75	25.63	89.27	92.79
Deferred Tax Liability (Net)	-	-	0.86	2.51	6.88	10.73	14.26	17.49	20.09	19.06
Total	**306.32**	**283.89**	**271.60**	**268.91**	**264.46**	**262.53**	**253.22**	**253.97**	**311.64**	**281.55**
APPLICATION OF FUNDS										
Gross Fixed Assets	98.14	89.93	367.52	364.27	361.09	360.21	353.46	344.13	338.60	299.19
Accumulated Depreciation	32.82	16.71	285.87	269.25	245.34	222.00	195.54	169.20	142.45	118.04
Net Fixed Assets	65.32	73.22	81.65	95.02	115.75	138.21	157.91	174.92	196.15	181.15
Capital Work-in-Progress	0.77	0.36	3.61	3.60	3.62	5.59	7.54	5.17	7.07	16.16
Deferred Tax Asset (Net)	3.60	1.45	-	-	-	-	-	-	-	-
Long Term Investments	12.17	6.00	-	-	-	-	-	-	-	-
Short Term Investments & Deposits	119.26	105.94	101.09	107.76	90.60	55.02	46.00	27.50	47.50	15.84
Net Working Capital	105.20	96.92	85.25	62.53	54.49	63.71	41.77	46.38	60.92	68.40
Total	**306.32**	**283.89**	**271.60**	**268.91**	**264.46**	**262.53**	**253.22**	**253.97**	**311.64**	**281.55**
RATIOS										
PBDIT To Sales (%)	22.73	21.89	18.11	30.93	32.03	37.14	41.21	41.17	37.27	34.44
PBIT To Sales (%)	13.98	12.71	7.96	15.57	14.06	22.55	25.73	20.31	27.96	26.26
PBT To Sales (%)	13.98	12.71	7.94	15.56	13.88	22.28	25.23	18.85	24.85	24.57
PAT To Sales (%)	11.04	9.74	5.65	11.03	9.73	15.07	16.06	12.54	15.91	16.07
Interest Cover (times)	-	-	996.33	2,578.00	175.62	111.81	8.16	13.95	8.93	14.85
ROCE (%) #	9.30	8.15	4.84	9.65	8.45	16.04	17.63	10.32	24.85	25.63
Return on Networth (%)	7.35	6.25	3.44	6.90	6.01	11.35	12.16	7.67	21.78	26.02
Total Debt Equity Ratio	-	-	-	-	-	0.02	0.04	0.12	0.43	0.48
Long Term Debt Equity Ratio (+)	-	-	-	-	-	-	0.02	0.05	0.08	0.13
Sales/Net Fixed Assets (times)	3.12	2.49	2.02	1.75	1.37	1.35	1.10	0.74	1.41	1.52
Net Working Capital Turnover (times)	1.94	1.88	1.94	2.67	2.92	2.93	4.15	2.78	4.55	4.02

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

* Figures pertaining to 2016-17 and 2015-16 are as per Ind AS and 2007-08 to 2014-15 are as per IGAAP.

CORPORATE INFORMATION

BOARD OF DIRECTORS

M M Murugappan - Chairman

L Ramkumar

C R Swaminathan

J Balamurugan

V Venkiteswaran

Soundara Kumar

CHIEF EXECUTIVE OFFICER

Rajiv Narayanamoorthy

COMPANY SECRETARY

C Subramaniam

REGISTERED OFFICE

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

PLANTS

A Unit: Trichy Road, Singanallur, Coimbatore
B Unit: Trichy Road, Singanallur, Coimbatore
C Unit: Avinashi Road, Muthugoundenpudur, Coimbatore
D Unit: K.Krishnapuram, Tirupur District
Foundry Division: Kannampalayam, Coimbatore

CORPORATE IDENTIFICATION NUMBER

L29130TZ1972PLC000649

AUDITORS

Deloitte Haskins & Sells, Chartered Accountants

BANKERS

IDBI Bank Ltd
Kotak Mahindra Bank
HDFC Bank

DIRECTORS' PROFILE

Mr. M M MURUGAPPAN
Chairman

Mr. M M Murugappan (61 years; DIN-00170478) holds a Masters degree in Chemical Engineering from the University of Michigan, USA. He is currently the Chairman of Carborundum Universal Ltd, Tube Investments of India Ltd and Wendt (India) Ltd. He is also on the Board of various companies including Mahindra & Mahindra Limited and Cholamandalam Investment and Finance Company Ltd.

Mr. C R SWAMINATHAN
Non-Executive Director

Mr. C R Swaminathan (69 years; DIN-00002169) holds a graduate degree in Agriculture and a Masters degree in Business Administration. He had been associated with the PSG group of institutions as its Chief Executive Officer. Mr. C R Swaminathan is well experienced in the Foundry Industry and is the Past President of the Institute of Indian Foundrymen. He is also the Past President of the Confederation of Indian Industry (Southern Region).

Mr. L RAMKUMAR
Non-Executive Director

Mr. L Ramkumar (61 years; DIN-00090089) is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He is currently the Managing Director of Tube Investments of India Ltd. He has over 37 years of rich and varied experience in management including 25 years in Tube Investments of India Ltd.

Mr. V VENKITESWARAN
Non-Executive Director

Mr. V Venkiteswaran (70 years; DIN-00062246) is a Mechanical Engineer from the University of Madras and worked over 36 years with Tata Tea Limited and retired as Executive Director of Tata Tea Limited. He has business experience of over 40 years in diverse areas of operations.

Mr. J BALAMURUGAN
Non-Executive Director

Mr. J Balamurugan (56 years; DIN-00023309) is an Electronics Engineer from Regional Engineering College, Trichy. He has also done the Management Programme for Entrepreneurial Firms in Indian Institute of Management, Bangalore. He has managing experience in the businesses of IT Infrastructure, On-line services and Aftermarket Automotive Enhancements and others. He is the past Chairman of Confederation of Indian Industry, Coimbatore Zone.

Ms. SOUNDARA KUMAR
Non-Executive Director

Ms. Soundara Kumar (63 Years; DIN-01974515) holds a graduate degree in Mathematics. She worked in State Bank of India for over 39 years both in India and overseas and is well experienced in the financial services industry. She retired as Deputy Managing Director, Stressed Asset Management Group of State Bank of India. She is also on the Board of various companies including Ramco Systems Ltd and Orchid Chemicals & Pharmaceuticals Ltd.

BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors have pleasure in presenting to you the performance of the Company, for the year ended 31 March 2017

COMPANY PERFORMANCE

₹ Crores

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Revenue from Operations (Net)	203.82	182.11
Earnings Before Interest, Tax, Depreciation & Amortisation	46.33	39.86
Depreciation & Amortisation Expense	17.83	16.71
Profit Before Tax	28.50	23.15
Less: Tax Expense	5.99	5.42
Profit After Tax	22.51	17.73
Add: Surplus brought forward	15.82	13.01
Appropriations:		
Transfer to General Reserve	6.00	10.00
Interim Dividend paid	-	4.09
Tax on Interim Dividend	-	0.83
Balance Carried to Balance Sheet	32.33	15.82

Review of Operations

In 2016-17 your Company launched a program titled Connect 2016. The objective was to reach out to customers and end users across the country through structured programs to understand how the business could service them better. With special focus on revenue models the business deployed more resources to understand end user applications to provide comprehensive end to end solutions in gearing. R&D and Engineering teams unleased more custom built solutions targeting conventional markets such Steel, Cement and Power. A superior range of catalogue range of products was launched in the helical and worm series to target demanding needs of the market.

Operational Excellence remains a key priority for the business. Internally the plants worked on improving efficiencies and productivity. Our efforts to engage talent in Value add activities continues and the business has seen good progress. Capital investments during the year addressed enhancement of manufacturing capabilities and productivity.

Recruiting the right talent, engaging and developing them created an ambience of high performance culture within the business.

The revenue during the year was ₹ 203.82 Crores against ₹ 182.11 Crores in the previous year with growth of 12%. The Profit before tax for the current year amounts to ₹ 28.50 Crores as against ₹ 23.15 Crores in the previous year.

Management Discussion and Analysis

The Management Discussion and Analysis, which forms part of this report, sets out an analysis of the business, the industrial scenario and the performance of the Company.

Dividend

The Board of Directors has recommended a dividend of ₹ 0.75/- (Paise Seventy Five only) per equity share of Face Value ₹ 1/- each for the financial year 2016-17. Dividend, if approved by the shareholders, will be paid on or after 31 July 2017.

Directors

Mr. V Venkiteswaran, Non-Executive Independent Director will retire at the ensuing Annual General Meeting under Section 149 of the Companies Act, 2013 ("the Act"). The Board places on record its appreciation of the service rendered by Mr. V Venkiteswaran during his tenure as Director of the Company.

Mr. C R Swaminathan was appointed as an Independent Director. He holds office up to the date of the ensuing Annual General Meeting. The Board recommends his re-appointment as an Independent Director under Section 149 of the Act for a term of one year viz., from the date of 44th Annual General Meeting (2017) till the date of the 45th Annual General Meeting (2018).

Notice along with the deposit in terms of Section 160 of the Act has been received from a Member proposing the candidature of Mr. C R Swaminathan for appointment as an Independent Director of the Company.

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

The Board takes pleasure in recommending the appointment Mr. L Ramkumar as Director and Mr. C R Swaminathan as an Independent Director of the Company at the forthcoming Annual General Meeting.

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

Key Managerial Personnel

Mr. Rajiv Narayanamoorty, Chief Executive Officer and Mr. C Subramaniam, Company Secretary are the Key Managerial Personnel (KMP) of the Company as per Section 203 of the Companies Act, 2013.

Mr. Saurabh Jain, Chief Financial Officer of the Company resigned from the services of the Company for personal reasons and was relieved on 14 March 2017.

Internal Control System and their Adequacy

The Company has an Internal Control System, Commensurate with its size, scale and complexity of its operations. Audit Committee reviews internal audit reports and oversees the internal control system of the Company.

Corporate Governance

Your Company is committed to maintaining high standards of Corporate Governance. A report on Corporate Governance, along with a certificate from the Statutory Auditors on compliance with Corporate Governance norms forms a part of this report.

Corporate Social Responsibility (CSR)

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

Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure C

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:

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

ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit of the Company for the year ended on that date;

iii) 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;

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

v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31 March 2017; and

vi) proper system has been devised to ensure compliances with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31 March 2017.

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/2014/07/sgl-remuneration-policy.pdf.

Related Party Transactions

All related party transactions that were entered during the year under review were on an arm's length basis and were in ordinary course of business. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under Accounting Standard (Ind AS 24) have been made in the notes to the Financial Statements. The Policy on Related Party Transactions, as approved by the Board, is uploaded and is available on the Company's website, http://www.shanthigears.co m/wp-content/themes/shanthi/pdf/Policy-on-Related-Party-Transactions.pdf. None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

Board Evaluation

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

Vigil Mechanism/ Whistle Blower Policy

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

Human Resources

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.

The Company had 547 permanent employees on its rolls, as on 31 March 2017.

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-B.

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.

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.

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

The Company has in place an anti-sexual harassment policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any complaint about sexual harassment during the year 2016-17.

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 Mr. M R L Narasimha, Practicing Company Secretary to undertake

Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and forms part of this Report as Annexure-E. No qualification or observation or other remarks have been made by the Secretarial Auditor in his Report.

Auditors

The Members appointed M/s. Deloitte Haskins & Sells, the Statutory Auditors of the Company for a period of 4 years from the conclusion of 41st AGM (2014) till the conclusion of 45th AGM (2018). A resolution seeking ratification of the appointment of Statutory Auditors and remuneration payable to them for the financial year 2017-18 is included in the AGM Notice dated 03 May 2017.

Mr. B. Venkateswar was appointed as Cost Auditor for audit of the Cost Accounting records of the Company for the year ended 31 March 2018. A resolution seeking Members' ratification of the Remuneration payable to Cost Auditor is included in the AGM notice dated 03 May 2017. The Cost Audit report will be filed within the stipulated period.

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

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

ANNEXURE A TO THE BOARD'S REPORT
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

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. The policy can be accessed on the Company's website (Weblink: http://www.shanthigears.com/wp-content/themes/shanthi/pdf/CSR-Policy.pdf)

Overview of the CSR Projects and Programmes

SGL is committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged Sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programme;
- Promotion of rural sports, nationally recognized sports, Paralympic sports and Olympic sports through training of sportspersons;
- Undertake rural development projects;
- Any other programme that falls under CSR purpose listed in Schedule VII of the Companies Act, 2013 amended from time to time and which are aimed at the empowerment of disadvantaged Sections of the society.

2. Composition of CSR Committee:

Mr. V Venkiteswaran, Chairman (Independent Director)
Mr. C R Swaminathan (Independent Director)
Ms. Soundara Kumar (Independent Director)

3. Average Net Profit of the Company for the last three Financial Years:

The average net profit of the Company made during the three immediately proceeding financial years as calculated under Section 135 of the Companies Act, 2013 and Rules thereunder works out to ₹ 20.51 Crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend ₹ 0.41 Crores towards CSR

5. Details of CSR spend for the financial Year:

a. Total amount spent for the financial year:
₹ 0.41 Crores

b. Amount Unspent, if any:
NIL

c. **Manner in which the amount spent during the financial year is detailed below:**

₹ Crores

Sl.No.	Project / Activities	Sector	Location District (State)	Amount Outlay (Budget) Project / programs wise	Amount Spent on the project / programs	Cumulative Expenditure upto reporting period	Amount Spent: Direct (D) OR through implementing agency (IA)*
1	Studies on Bio-energy from agro and other wastes for Rural India	Environment	Rural India	0.20	0.20	0.20	0.20 (IA)
2	Girls Education Centres	Education	Raigarh (Chhatisgarh)	0.10	0.10	0.10	0.10 (IA)
3	Infrastructure for Government Schools	Education	Coimbatore (Tamil Nadu)	0.11	0.11	0.11	0.11 (D)

* Details of implementation agencies: 1) Shri AMM Murugappa Chettiar Research Centre 2) IIMPACT

6. **In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:**

Not applicable as the Company has spent in excess of the mandatory minimum.

7. **Responsibility Statement:**

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board

M M Murugappan
Chairman

V Venkiteswaran
Chairman of the Corporate Social Responsibility Committee

Coimbatore
03 May 2017

ANNEXURE B TO THE BOARDS' 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

(i) Ratio of remuneration* to each Director to the median Employee Remuneration of the Company for the financial year 2016-17

Name	Designation	Ratio
Mr. M M Murugappan	Chairman	1.10
Mr. C R Swaminathan	Director	1.14
Mr. J Balamurugan	Director	1.11
Mr. V Venkiteswaran	Director	1.08
Ms. Soundara Kumar	Director	1.10
Mr. L Ramkumar@	Director	Not Applicable

*Note: * Remuneration includes sitting fees*
@ Mr. L Ramkumar had not received remuneration during the financial year 2016-17

(ii) Percentage increase in Remuneration of each Director and Key Managerial Personnel in the financial year 2016-17

Name	Designation	% Increase
Mr. M M Murugappan	Chairman	- 2.74%
Mr. C R Swaminathan	Director	1.37%
Mr. J Balamurugan	Director	-2.70%
Mr. V Venkiteswaran	Director	1.45%
Ms. Soundara Kumar	Director	7.58%
Mr. L Ramkumar	Director	Not Applicable
Mr Rajiv Narayanamoorthy *	Chief Executive Officer	Not Applicable
Mr. Saurabh Jain #	Chief Financial Officer	Not Applicable
Mr. C Subramaniam	Company Secretary	7.71%

** Joined January, 2016*
 # Joined June, 2015 and Resigned March, 2017

(iii) Percentage increase in the Median Remuneration of Employees in the financial year 2016-17 ₹ Lakhs

Median Remuneration	
2015-16	3.08
2016-17	3.24
Increase / (Decrease)	0.16
% Change	5.2%

(iv) Number of Permanent Employees on Rolls as on 31.03.2017 547

(v) Average Percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial year and its 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 6.8%.
The increase granted to managerial personnel is 10.49%

(vi) 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

Coimbatore
03 May 2017

M M Murugappan
Chairman

ANNEXURE C TO THE BOARDS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I Registration and Other Details

1	CIN	L29130TZ1972PLC000649
2	Registration Date	01/07/1972
3	Name of the Company	SHANTHI GEARS LIMITED
4	Category / Sub Category of the Company	Public Company / Limited by Shares
5	Address of the Registered Office & Contact Details	304-A, Trichy Road, Singanallur, Coimbatore-641 005, Tamil Nadu, India. Tel:0422-4545745, Fax: 0422-4545700 E mail:cs@shanthigears.murugappa.com
6	Whether listed company Yes /No	Yes
7	Name, Address and Contact details of Registrar and Transfer Agents, if any	M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Coimbatore-641 006 Tel: (0422) 4958995, 2539835-836 Fax: (0422) 2539837 E-Mail: info@skdc-consultants.com

II Principal Business Activities of the Company

All the business activities contributing 10 % or turnover of the company shall be stated:-

SL. No.	Name and description of main products/service	NIC code of the product / service	% to total turnover of the company
(1)	Gears, Gear Boxes and Geared Motors	2814	97.96%

III Particulars of Holding, Subsidiary and Associate Companies

SL. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held Subsidiary/ Associate	Applicable Section
(1)	Tube Investments of India Ltd, 'Dare House', 234, NSC Bose Road, Chennai-600001	L35921TN1949PLC002905	Holding Company	70.12	2(46)

IV Shareholding pattern (equity share capital breakup percentage of Total Equity)

i) Category-wise Shareholding

Category of shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individuals / Hindu Undivided Family	-	-	-	-	-	-	-	-	-
b) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	57302913	-	57302913	70.13	57302913	-	57302913	70.13	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
TRUSTS	-	-	-	-	-	-	-	-	-
Sub Total(A)(1)	**57302913**	**-**	**57302913**	**70.13**	**57302913**	**-**	**57302913**	**70.13**	**-**
						-			
(2) Foreign	-	-	-	-	-	-	-	-	-
a) Individuals (Non-Residents Individuals / Foreign Individuals	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions/Banks/FIs	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**57302913**	**-**	**57302913**	**70.13**	**57302913**	**-**	**57302913**	**70.13**	**-**
(B) Public shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	3882191	4000	3886191	4.76	3399324	4000	3403324	4.17	–0.59
b) Financial Institutions / Banks	182006	2000	184006	0.23	183363	2000	185363	0.23	0.00
c) Central Government/ State Government(s)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

i) Category-wise Shareholding

Category of shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	554682	-	554682	0.68	554682	-	554682	0.68	-
f) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Any Other (specify)									-
Foreign Financial Institutions	-	2000	2000	0.00	-	2000	2000	0.00	-
Foreign Banks	3000	-	3000	0.00	3000	-	3000	0.00	-
Sub Total (B)(1)	**4621879**	**8000**	**4629879**	**5.67**	**4141102**	**8000**	**4149102**	**5.08**	**–0.59**
(2) Non-institutions									
a) Bodies Corporate									
i) Indian	1419629	15750	1435379	1.76	1862531	15750	1878281	2.30	0.54
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	10110068	1483388	11593456	14.19	10720503	1391346	12111849	14.82	0.64
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5479710	-	5479710	6.71	4817048	-	4817048	5.90	–0.81
c) Others									
DIRECTORS & THEIR RELATIVES	5000	5000	10000	0.01	5000	5000	10000	0.01	-
NON RESIDENT INDIANS	609176	16740	625916	0.77	595070	20740	615810	0.75	–0.01
CLEARING MEMBERS	101005	-	101005	0.12	166921	-	166921	0.20	0.08
HINDU UNDIVIDED FAMILIES	536802	-	536802	0.66	663136	-	663136	0.81	0.16
FOREIGN CORPORATE BODIES	793	-	793	0.00	793	-	793	0.00	-
Sub-Total (B)(2)	**18262183**	**1520878**	**19783061**	**24.21**	**18831002**	**1432836**	**20263838**	**24.80**	**0.59**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**22884062**	**1528878**	**24412940**	**29.88**	**22972104**	**1440836**	**24412940**	**29.88**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	**80186975**	**1528878**	**81715853**	**100.00**	**80275017**	**1440836**	**81715853**	**100.00**	**0.00**

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
	No.of Shares	% of the Shares of the Company	% of the Shares pledged/ encumbered to total shares	No.of Shares	% of the Shares of the Company	% of the Shares pledged/ encumbered to total shares	% change in Shareholding during the year
TUBE INVESTMENTS OF INDIA LTD	57296413	70.12	-	57296413	70.12	-	-
PRESSMET PVT LTD.	6500	0.01	-	6500	0.01	-	-
Total	**57302913**	-	-	**57302913**	-	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding					Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No.of Shares at the beginning of the year (01.04.2016)/at the end of the year (31.03.2017)	% of total shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	No. of shares	% of total shares of the Company
1	Promoters Shareholding	57302913	70.13		No Change		57302913	70.13
		57302913	70.13	31-3-2017				70.13

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding				Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)		
		No.of Shares at the beginning of the year (01.04.2016)/at the end of the year (31.03.2017)	% of total shares of the company	Date	Increase/ Decrease in Shareholding	Reason	No. of shares	% of total shares of the Company
1	SBI INFRASTRUCTURE FUND	2165329	2.65		NO MOVEMENT		2165329	2.65
		2165329	2.65	31-Mar-17				
2	NIMESH SUMATILAL	1100000	1.35		NO MOVEMENT		1100000	1.35
		1100000	1.35	31-Mar-17				
3	DURGESH S SHAH	1100000	1.35		NO MOVEMENT		1100000	1.35
		1100000	1.35	31-Mar-17				
4	DHANESH S SHAH	1100000	1.35		NO MOVEMENT		1100000	1.35
		1100000	1.35	31-Mar-17				
5	NATIONAL INSURANCE COMPANY LTD	554682	0.68		NO MOVEMENT		554682	0.68
		554682	0.68	31-Mar-17				
6	DIXIT GUNVANTRAI SHAH	525000	0.64		NO MOVEMENT		525000	0.64
		525000	0.64	31-Mar-17				
7	SBI MAGNUM BALANCED FUND	470000	0.58	29-Apr-16	-292917	Transfer	177083	0.22
		177083	0.22	6-May-16	-177083	Transfer	-	-
		-	-	31-Mar-17				
8	NARENDRA ANOPCHAND MEHTA	399710	0.49	8-Apr-16	290	Transfer	400000	0.49
		400000	0.49	12-Aug-16	-150000	Transfer	250000	0.31
		250000	0.31	19-Aug-16	-150000	Transfer	100000	0.12
		100000	0.12	26-Aug-16	-41501	Transfer	58499	0.07
		58499	0.07	2-Sep-16	-58499	Transfer	-	-
		-	-	31-Mar-17				
9	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES VI	339944	0.42		NO MOVEMENT		339944	0.42
		339944	0.42	31-Mar-17				
10	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES V	231109	0.28		NO MOVEMENT		231109	0.28
		231109	0.28	31-Mar-17				
11	MINDSET SECURITIES PRIVATE LIMITED	-	-	22-Jul-16	12555	Transfer	12555	0.01
		12555	0.02	5-Aug-16	30137	Transfer	42692	0.05
		42692	0.05	24-Mar-17	363000	Transfer	405692	0.50
		405692	0.50	31-Mar-17				
12	MANOJ GUNVANTRAI SHAH	225000	0.28		NO MOVEMENT		225000	0.28
		225000	0.28	31-Mar-17				

Note: 1. As the Company is listed, its shares are traded on a daily basis and hence the above dates refer to the respective beneficiary dates.
2. The above list comprises top 10 shareholders as on 1 April 2016 and as on 31 March 2017

v) Shareholding of Directors and Key Managerial Personnel

For each Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	%of total shares of the Company	No. of Shares	%of total shares of the Company
Mr. C R Swaminathan, Director				
At the beginning of the year	5000	0.01%	5000	0.01%
Date-wise Increase/ Decrease in Promoters shareholding during the year		NIL		
At the end of the year	5000	0.01%	5000	0.01%
Mr. V Venkiteswaran, Director				
At the beginning of the year	5000	0.01%	5000	0.01%
Date-wise Increase/ Decrease in Promoters shareholding during the year		NIL		
At the end of the year	5000	0.01%	5000	0.01%

Note: Other than the above, none of the Directors and KMPs held shares at the beginning, during and end of the financial year 2016-17

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the Financial Year				
i) Principal amount				
ii) Interest due but not paid		NIL		
iii) Interest accrued but not due				
Total (i+ii+iii)				
Changes in indebtness during the Financial Year				
Addition				
Reduction		NIL		
Net Change				
Indebtness at the end of the Financial Year				
i) Principal amount				
ii) Interest due but not paid		NIL		
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Remuneration to Managing Director, Whole-time Directors and/or Manager

During the financial year 2016-17, no Managing Director, Whole-time Director or Manager was in employment of the Company.

b. Remuneration to other Directors:

1. Independent Directors

₹ Lakhs

Particulars of remuneration	Mr. C R Swaminathan	Mr. J Balamurugan	Mr. V Venkiteswaran	Ms. Soundara Kumar	Total
Fees for attending Board / Committee Meetings	0.70	0.60	0.50	0.55	2.35
Commission	3.00	3.00	3.00	3.00	12.00
Others	NIL	NIL	NIL	N.A.	NIL
Total (B) (1)	**3.70**	**3.60**	**3.50**	**3.55**	**14.35**

2. Other Non-Executive Directors

₹ Lakhs

Particulars of remuneration	Mr. M M Murugappan	Mr. L Ramkumar	Total
Fees for attending Board / Committee Meetings	0.55	NIL	0.55
Commission	3.00	NIL	3.00
Others	NIL	NIL	NIL
Total (B) (2)	**3.55**		**3.55**
Total (B) (1)+(B)(2) Total Managerial Remuneration			**17.90**

Note: Overall Ceiling as per the Companies Act, 2013 ₹ 27.55 Lakhs

c. Remuneration to Key Managerial Personnel Other than MD / Manager /WTD

₹ Lakhs

Sl.No	Particulars of remuneration	Key Managerial Personnel			
		Mr. C Subramaniam Company Secretary	Mr. Saurabh Jain Chief Financial Officer (a)	Mr. Rajiv Narayanamoorthy Chief Executive Officer(b)	Total Amount
1	Gross Salary				
	a) Salary as per the provision contained in Section 17(1) of the Income Tax Act, 1961	14.00	35.51	60.59	110.10
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	1.37	1.37
	c) Profit in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	as a percentage of profit	-	-	-	-
	Others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**14.00**	**35.51**	**61.96**	**111.47**
	(a) Appointed with effect from 1 June, 2015 and resigned on 14 March, 2017 (b) Appointed with effect from 20 January, 2016				

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31 March 2017.

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

ANNEXURE D TO THE BOARDS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is making continuous efforts to conserve and optimise energy wherever practicable by economising on fuel and power.

During the year under review electricity consumption has reduced when compared with previous year. The Company installed Variable Frequency Drive for various machines, cycle time reduced due to change of layout for some machines, Carbon combustion value increased due to installation of Carbon Potential control, energy efficient motors and energy efficient air wrenches installed, Air leakage plucked and panel cooler and oil cooler replaced in various places, conventional panels replaced with programmable logic controls, Solar plant installed. The Company also installed LED lights in various places.

Green Power

The Company has 9 windmills with a total rated capacity of 6.7 MW. The total number of units of electricity generated form these windmills was around 122.10 lakhs units. This generation helped the Company not only in tiding over the shortage in power but also in reducing its cost.

The Company has also installed solar panels for a rated capacity of 200 kW. The number of units generated through this source was around 2.19 lakhs units.

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

Foreign Exchange Earnings and Outgo

	₹ Crores
Foreign Exchange Earned	12.22
Foreign Exchange Outgo	2.95

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

ANNEXURE E TO THE BOARDS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Shanthi Gears Limited (CIN: L29130TZ1972PLC000649)
Coimbatore

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shanthi Gears Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Shanthi Gears Limited 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2017 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Shanthi Gears Limited ("the Company") for the financial year ended on 31 March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(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) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings does not arise;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

  (c) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise;

  (d) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 does not arise;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The company has not delisted its securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise;

  (h) The Company has not bought back any securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise; and

  (i) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also examined compliance with the applicable clauses of the following:

  (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

  (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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

There are certain businesses which can be transacted through Video Conferencing as provided under the Companies Act, 2013 and relevant rules made thereunder. One meeting of the Board was held through Video Conferencing during the year, which was properly convened, conducted and proceedings recorded in compliance with the provisions of Section 173(2) of the Companies Act, 2013 read with Rule 3 of The Companies (Meetings of Board and its Power) Rules, 2014 providing the procedure for convening and conducting Board Meetings Video Conferencing.

Based on the verification of the records and the Minutes, the decisions of the Meetings of the Board/Committees of the Company where carried out with the consent of all the Directors/ Committee Members and there were no dissenting members as per the Minutes. Further in the Minutes of the General Meeting, the particulars of the members who voted against the resolutions have been properly recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has passed special resolution U/s.14 of the Companies Act, 2013 for alteration of the existing Articles of Association of the Company by adoption of a new set of Articles of Association in substitution by of 'e' voting and postal ballot.

M.R.L.Narasimha
Practicing Company Secretary
FCS No. 2851
C P No. 799

Coimbatore
03 May 2017

This report is to be read with my letter of even date which is Annexed as annexure A and forms an integral part of this report.

SAR M/s. SHANTHI GEARS LIMITED 31.03.2017

ANNEXURE A TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members,
M/s. SHANTHI GEARS LIMITED (CIN : L29130TZ1972PLC000649)
Coimbatore

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to make a report based on the secretarial records produced for my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4. I have obtained the management's representation about the compliances of laws, rules and regulations and happenings of events, wherever required.

5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.

6. This 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.

M.R.L.NARASIMHA
Practicing Company Secretary
Membership No. 2851
Certificate of Practice No.799

Coimbatore
03 May 2017

MANAGEMENT DISCUSSION AND ANALYSIS

As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

According to The World Bank, the Indian economy will likely grow at 7.6 per cent in 2017-18 and 7.8 per cent in 2018-19. Demonetization is expected to have a positive impact on the Indian economy, which will help foster a clean and digitized economy in the long run.

Industry Scenario

Industry	Overview
	CONVENTIONAL MARKETS FOR SGL
Steel	India's crude steel production grew by 7.4 per cent year-on-year to 95.6 Million Tonnes (MT) in 2016. Total production of crude steel during February 2017 grew by 8.5 per cent year-on-year to 8.08 MT.
Power	Total installed capacity of power stations in India stood at 315 Gigawatts (GW) as of February 28, 2017. The annual growth rate in renewable energy generation has been estimated to be 27 per cent and 18 per cent for conventional energy.
Cement	India has a lot of potential for development in the infrastructure and construction sector and the cement sector is expected to largely benefit from it. Some of the recent major government initiatives such as development of 98 smart cities are expected to provide a major boost to the sector. Expecting such developments in the country and aided by suitable government foreign policies, several foreign players such as Lafarge-Holcim, Heidelberg Cement, and Vicat have invested in the country in the recent past. A significant factor which aids the growth of this sector is the ready availability of the raw materials for making cement, such as limestone and coal.
	EMERGING OPPORTUNITIES FOR SGL
Infrastructure	Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country.
Railways	The Government of India has focused on investing on railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects.
Make In India	The Make in India programme is very important for the economic growth of India as it aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable.

The management is confident that the future is positive based on the ongoing creation of distinctive competencies. Expectations of a more conducive economic environment especially with the initiatives of the government to revive manufacturing growth in India augur well for the Company.

Review of performance

The year 2016-17 was a stable year for the Company with growth in revenue & profits. Having identified three revenue models such as OEM, Replacement & Dealer, the Company strengthened its position through better market penetration, market expansion and product development. The Company continued to invest in human resources, its key strength, with a view to building a pool of talented people to lead the Company into the future. Skill development and employee engagement initiatives continued to receive high attention.

The Company undertook capital expenditure facilitating improvements in efficiency and productivity and building capability. While the Company took several steps to maintain control over its working capital, higher inventory levels were necessary to service requirements of customers. The Company remains debt free and invests its surplus funds judiciously ensuring safety and appropriate returns.

In order to strengthen its position in the catalogue range, the Company introduced a slew of new products in standard helical and worm series. Your Company consolidated its position in developing custom built designs for steel, power & Cement. The services & new products business continued to gain momentum.

The revenue during the year was ₹ 203.82 Crores against ₹ 182.11 Crores in the previous year with growth of 12%. The Profit before tax for the current year amounts to ₹ 28.50 Crores as against ₹ 23.15 Crores in the previous year.

Internal Control

Internal control system in the organization are looked at as the key to its effective functioning. The Internal Audit team periodically evaluates the adequacy and effectiveness of these internal controls, recommends improvements and also reviews adherence to policies based on which corrective action is taken to address gaps, if any.

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.

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

ENTERPRISE RISK ANALYSIS AND MANAGEMENT

Risk	Why Considered as risk	Mitigation Plan/ Counter Measure
People Exit Risk	Exit of Key Management personnel to disrupt business proceedings.	Identify high potential, provide opportunities and nurture growth.
Economic Scenario	Downturn in economy for last 4 years resulted in very less Project spending by Government and Private players	Continue to differentiate and provide innovative solutions to new markets and customers.
Pricing Pressure	Pricing pressure from competition due to lack of demand in the market	The business is working on cost optimization to improve strike rate and enhance market share.
Customer Risk	Delay of execution due to clearance from big project customers	The company is being cautious and getting to know end use of the product before processing.
Raw Material Risk	Volatility in steel price Inconsistency in quality High inventory holding	Alliance with steel producers Strategic sourcing Move to products with higher value addition
IT related Risk	Confidentiality, integrity and availability	Access Control Secure Network Architecture Infrastructure redundancies and disaster recovery mechanism

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

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 six members, as on the date of this Report, with knowledge and experience in different fields. Mr. M M Murugappan, Chairman (Promoter, Non-Executive) and Mr. L Ramkumar, Director (Non-Executive) are non-Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. C R Swaminathan, Mr. J Balamurugan, Mr. V Venkiteswaran and Ms. Soundara Kumar are Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. None of the said Directors are related to each other.

Members had approved the appointment of Mr. C R Swaminathan, Mr. J Balamurugan, Mr. V Venkiteswaran and Ms. Soundara Kumar 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 Sehedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have also been disclosed on the Company's website (www.shanthigears.com) (link:http://www.shanthigears.com/wp-content/themes/shanthi/pdf/Appointment-of-Independent-Directors-Terms-and-Conditions.pdf

All Independent Directors have given a declaration that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The details of familiarization programme for Independent Directors are given in Company's website: Web link:
http://www.shanthigears.com/wp-content/themes/shanthi/pdf/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 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 2016-17. The dates of the Board meetings, attendance and the number of Directorships/ Committee memberships held by the Directors as on 31 March 2017 are given in **Table 1** of the annexure to this Report.

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

Audit Committee

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

The Company has an independent Audit Committee. Of the five members of the Committee, four are independent Directors, with

Mr. C R Swaminathan, being the Chairman. All the members of the Committee have excellent financial and accounting knowledge.

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

The Committee met four times during the year ended 31 March 2017. The Composition of the Audit Committee and the attendance of each member at these meetings are given in **Table 2** of the annexure to this Report.

Nomination and Remuneration Committee

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

The composition of the Committee and the attendance of each member at these meetings are given in **Table 3** of the annexure to this Report.

Remuneration to Directors

The compensation to the Non-Executive Directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of Companies Act, 2013, the actual commission paid to the Directors is restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the Directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the Directors under various laws and other relevant factors. The Non-Executive Directors are also paid sitting fees as permitted by government regulations for all Board and Committee meetings attended by them.

The details of remuneration paid/payable to the Non-Executive Directors, for the financial year ended 31 March 2017 is given in **Table 4** of the annexure to this Report.

Corporate Social Responsibility Committee

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

The composition of the CSR Committee and the attendance of each member at these meetings are given in **Table 5** of the annexure to this Report.

Risk Management Committee

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

Mr. J Balamurugan, a Non-Executive Director, is the Chairman of the Risk Management Committee. The Committee met once during the year. The Composition of the Committee and attendance of the members at the meeting are given in **Table 7** of the annexure to this Report.

Performance Evaluation

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

To take the evaluation exercise forward, all the Independent Directors of the Company met on 22 March 2017, without the attendance of the Non-Independent Directors and members of the management to discuss *inter alia* the matters specified under Schedule IV of the Companies Act, 2013.

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

Related Party Transactions

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

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

The policy for related party transactions approved by the Board had been uploaded on the Company's website (Web link: http://www.shanthigears.com/wp-content/themes/shanthi/pdf/Policy-on-Related-Party-Transactions.pdf)

Investors' Service

Your Company promptly attends to investors' queries/grievances. In order to provide timely services, the power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. The Board has also authorised the Officials to approve transfers/transmissions. Share transfer requests are processed within 15 days from the date of receipt. M/s. S.K.D.C. Consultants Limited, Coimbatore is the Company's share transfer agent.

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

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

Mr. L Ramkumar, a Non-Executive Director, is the Chairman of the Stakeholders Relationship Committee. The Committee met once during the year ended 31 March 2017. The composition of the Committee and attendance of its members at the meetings are given in **Table 6** of the annexure to this Report.

Four investor complaints were received and the same were resolved during the year ended 31 March 2017. No complaints were pending as at 31 March, 2017.

In order to expedite the redressal of complaints, if any, investors are requested to register their complaints and also to take follow up action, as necessary, at the exclusive e-mail id i.e. cs@shanthigears.murugappa.com, Mr. C Subramaniam, Company Secretary is the Compliance Officer.

Statutory Compliance

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

Internal Control

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

Whistle Blower Policy

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

Compliance of Corporate Governance Norms

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

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

Other Disclosures

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

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

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

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

General Shareholder Information

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

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

DECLARATION ON CODE OF CONDUCT

To
The Members of Shanthi Gears Limited

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

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31 March 2017, as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Coimbatore
03 May 2017

Rajiv Narayanamoorthy
Chief Executive Officer

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

(A) Board Meeting Dates and Attendance

The Board of Directors met five times during the financial year 2016-17. The dates of the Board meetings were 27 April 2016, 25 July 2016, 26 October 2016, 27 January 2017 and 22 March 2017.

The attendance of each Director at the meetings, the last Annual General Meeting and number of other Directorships/Committee memberships held by them as on 31 March 2017 are as follows:

TABLE 1

Sl. No.	Name of Director	Board meetings attended (No. of meetings 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 March 2017
1	Mr. M M Murugappan	5(5)	10(5)	9(4)	Present	-
2	Mr. L Ramkumar	5(5)	5(1)	2(1)	Present	-
3	Mr. C R Swaminathan	5(5)	3	4(2)	Present	5000
4	Mr. J Balamurugan	5(5)	3	1	Present	-
5	Mr. V Venkiteswaran	4(5)	1	1	Present	5000
6	Ms. Soundara Kumar	5(5)	7	3(1)	Present	-

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

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

(B) Composition of Audit Committee and Attendance

The Committee met four times during the financial year 2016-17. The dates of meetings were 27 April 2016, 25 July 2016, 26 October 2016 and 27 January 2017. 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 meetings held)
1	Mr. C R Swaminathan, Chairman	4(4)
2	Mr. J Balamurugan	4(4)
3	Mr. M M Murugappan	4(4)
4	Mr. V Venkiteswaran	3(4)
5	Ms. Soundara Kumar	4(4)

(C) Composition of Nomination and Remuneration Committee and Attendance

The Committee met two times during the financial year ended 31 March 2017. The dates of meetings were 27 April 2016 and 26 October 2016. The composition of Nomination & Remuneration Committee and the attendance of each member at these meetings are as follows:

TABLE 3

Sl. No.	Name of Member	No. of Meetings Attended (No. of meeting held)
1	Mr. C R Swaminathan, Chairman	2(2)
2	Mr. J Balamurugan	2(2)
3	Mr. M M Murugappan	2(2)

(D) Remuneration of Non-Executive Directors

The details of commission provided for/ sitting fees paid to Non-Executive Directors for the year ended 31 March 2017 are as follows:

TABLE 4

Amount ₹

Name of the Directors	Commission*	Sitting fees	Total
Mr. M M Murugappan	3,00,000	55,000	3,55,000
Mr. C R Swaminathan	3,00,000	70,000	3,70,000
Mr. J Balamurugan	3,00,000	60,000	3,60,000
Mr. V Venkiteswaran	3,00,000	50,000	3,50,000
Ms. Soundara Kumar	3,00,000	55,000	3,55,000

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

(E) Composition of Corporate Social Responsibility Committee and Attendance

The Committee met two times during the financial year ended 31 March 2017. The dates of meetings were 25 July 2016 and 27 January 2017. 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 meetings held)
1	Mr. V Venkiteswaran, Chairman	2(2)
2	Mr. C R Swaminathan	2(2)
3	Ms. Soundara Kumar	2(2)

(F) Composition of Stakeholders Relationship Committee and Attendance

The Committee met once during the financial year ended 31 March 2017. The date of meeting was 22 March 2017. The composition of the Stakeholders Relationship Committee and the attendances at the meetings are as follows:

TABLE 6

Sl. No.	Name of Members	No. of Meetings Attended (No. of meeting held)
1	Mr. L Ramkumar, Chairman	1(1)
2	Mr. C R Swaminathan	1(1)

(G) Composition of Risk Management Committee and Attendance

The Committee met once during the financial year ended 31 March 2017. The date of meeting was 27 January 2017. The composition of the Risk Management Committee and the attendance of each member at the meeting are as follows:

TABLE 7

Sl. No.	Name of Members	No. of Meetings Attended (No. of meeting held)
1	Mr. J Balamurugan, Chairman	1(1)
2	Mr. V Venkiteswaran	1(1)
3	Mr. Rajiv Narayanamoorthy	1(1)

On behalf of the Board

Coimbatore
03 May 2017

M M Murugappan
Chairman

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF SHANTHI GEARS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated August 10, 2016.

2. We, Deloitte Haskins & Sells, Chennai, Chartered Accountants, the Statutory Auditors of **Shanthi Gears Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) and paras C and D of Schedule V of The Listing Regulations during the year ended March 31, 2017.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.008072S)

C.R. Rajagopal
Partner
(Membership No.23418)

Coimbatore
03 May 2017

GENERAL SHAREHOLDER INFORMATION

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

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

Annual General Meeting

Day	:	Wednesday
Date	:	26 July, 2017
Time	:	4.00 P.M.
Venue	:	Registered Office of the Company 304-A, Trichy Road, Singanallur, Coimbatore-641 005

Tentative Calendar for 2017-18

Annual General Meeting	26 July 2017
Results for the Quarter Ending 30 June 2017	26 July 2017
Results for the Quarter Ending 30 September 2017	2 November 2017
Results for the Quarter Ending 31 December 2017	January/February 2018
Results for the Year Ending 31 March 2018	April/May 2018

Book Closure Date : 15 July 2017 to 26 July 2017 (Both days inclusive)

Dividend

The Board of Directors has recommended dividend of ₹ 0.75/- (Paise Seventy Five only) per Equity shares for the financial year 2016-17. The dividend will be paid to the Members, whose names appears in the Register of Members as on Wednesday, 26 July 2017 and the same will be paid on or after 31 July 2017.

In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for the purpose.

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
2009-10(Final)	13.08.2010	18.09.2017
2010-11(Final)	11.07.2011	16.08.2018
2011-12(Final)	23.07.2012	28.08.2019
2012-13(Final)	24.07.2013	29.08.2020
2013-14 (Interim)	27.01.2014	04.03.2021
2014-15 (Interim)	02.02.2015	10.03.2022
2015-16 (Interim)	27.01.2016	03.03.2023

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 2008-09 have been transferred to the IE&P Fund.

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

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore-641006 ("RTA"). Not later than 15 July 2017 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.

Listing on Stock Exchanges and Stock Code

National Stock Exchange of India Ltd ("NSE')	:	**SHANTIGEAR**
Bombay Stock Exchange Ltd ('BSE Ltd')	:	**522034**
ISIN Number in NSDL & CDSL for equity shares	:	**INE 631A01022**

The Company has paid annual listing fees for the financial year 2017-2018 in respect of the above stock exchanges.

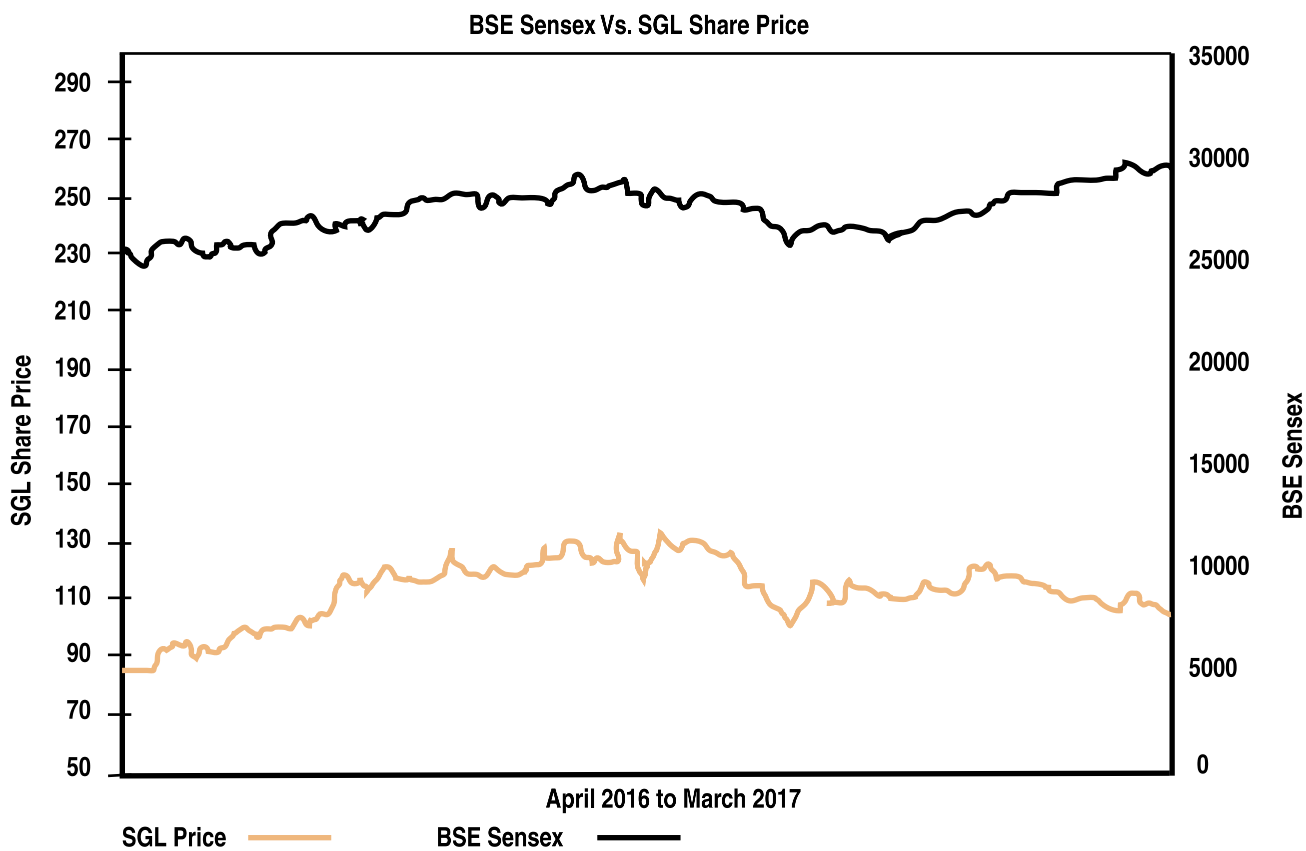
Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2016-17 are as follows:

Month	BSE Ltd		National Stock Exchange of India Ltd	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2016	99.20	82.00	99.90	82.05
May 2016	104.00	89.00	106.90	89.05
June 2016	123.45	101.15	123.50	100.50
July 2016	138.70	114.10	138.65	115.00
August 2016	134.00	114.50	134.00	111.90
September 2016	143.30	108.00	143.40	101.75
October 2016	137.60	121.50	137.50	121.00
November 2016	128.00	93.40	128.00	99.00
December 2016	122.00	107.50	121.90	107.00
January 2017	125.65	111.75	125.50	111.10
February 2017	120.30	108.00	120.35	98.50
March 2017	114.30	104.00	114.00	105.50

Performance in comparison to broad based indices

SGL Share Performance (April 2016 to March 2017)



Share Transfer System

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

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

Registrar and Share Transfer Agents

S.K.D.C. CONSULTANTS LIMITED,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
Ganapathy,
Coimbatore-641006.
Tel : (0422) 4958995, 2539835-836
Fax : (0422) 2539837
Email : info@skdc-consultants.com

Shareholding pattern as on 31 March 2017

Sl. No.	Category	No. of Shares	% (Percentage)
1	Promoters	57302913	70.13
2	Mutual Funds, Banks, Financial Institution, Insurance Companies	4143369	5.07
3	Foreign Nationals	5733	0.01
4	NRI's / OCB's	616603	0.75
5	Private Corporate Bodies	2045202	2.50
6	Indian Public	17602033	21.54
	Total	**81715853**	**100.00**

Distribution of Shareholding as on 31 March 2017

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 500	12631	76.64	1843201	2.26
501 to 1,000	1505	9.13	1277733	1.56
1,001 to 5,000	1796	10.90	4530238	5.54
5,001 to 10,000	347	2.11	2411658	2.95
10,001 to 1,00,000	177	1.07	4157404	5.09
1,00,001 and above	24	0.15	67495619	82.60
Total	**16480**	**100.00**	**81715853**	**100.00**

Dematerialisation of Shares and Liquidity

As on 31 March 2017, 80275017 shares were in dematerialised form representing 98.24 % 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.

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

Financial Year Ending	Date	Time	Venue
31.03.2014	26.07.2014	4.00 P.M.	Registered Office of the Company 304-A, Trichy Road, Singanallur, Coimbatore-641 005
31.03.2015	30.07.2015	4.00 P.M.	Registered Office of the Company 304-A, Trichy Road, Singanallur, Coimbatore-641 005
31.03.2016	25.07.2016	2.00 P.M.	Registered Office of the Company 304-A, Trichy Road, Singanallur, Coimbatore-641 005

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
26.07.2014	Yes	Fixing Board's borrowing powers Authorizing the Board to execute, mortgage, charge and/or hypothecate the properties of the Company for borrowings
30.07.2015	Yes	Payment of Commission to Non-Executive Dircetors
25.07.2016	Yes	Re-appointment of Mr. V Venkiteswaran as an Independent Director

Resolution passed by Postal Ballot

In March, 2017, a Special Resolution under Section 14 of the Companies Act, 2013 for alteration of Articles of Association of the Company, was passed by Postal Ballot. The Shareholders approved the said Special Resolution with requisite majority.

Voting details of the above Postal Ballot were as follows:

Number of Valid votes	**6,09,18,611 votes**
Number of votes in favour	**6,09,18,485 votes**
Number if votes against	**126 votes**

The voting under the Postal Ballot was conducted by Mr. P Eswaramoorthy, Practicing Company Secretary, as scrutinizer, as per the procedure laid down in Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

Means of Communication

The quarterly/annual results are published in the leading national English newspaper ("Business Standard") and in one vernacular (Tamil) newspaper ("Dinamani").

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

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

Unclaimed shares

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

Sl.No.	Particulars	No. of Shareholders	No. of shares
1	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 01.04.2016	309	5,07,560
2	Number of Shareholder who approached the Company for transfer of their shares from Unclaimed Suspense Account during 01.04.2016 to 31.03.2017	6	9,940
3	Number of Shareholder to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2016 to 31.03.2017	6	9,940
4	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2017	303	4,97,620

Shareholders who continue to hold the Share Certificates with face value of ₹ 10/- are entitled to claim the equity shares with the face value of ₹1/- from the Unclaimed Suspense Account. Further, the shareholders who have not claimed bonus shares are also entitled to claim the shares from Unclaimed Suspense Account. The voting rights on the shares outstanding in the suspense account as on 31 March 2017 shall remain frozen till the rightful owner of such share claims the share. On receipt of the claim, the Company will, after verification, arrange to credit the equity shares to the demat account of the shareholder concerned or deliver the Share Certificate to the shareholder in physical mode after re-materialisation.

Plant Locations

A Unit : 304-A, Trichy Road, Singanallur, Coimbatore-641 005
B Unit : 304-F, Trichy Road, Singanalllur, Coimbatore-641 005
C Unit : Avinashi Road, Muthugoundenpudur (PO), Coimbatore-641 406
D Unit : K.Krishnapuram, Kamanaickenpalayam (PO), Palladam Taluk, Tirupur District- 641 658
Foundry Division : Kannampalayam, Sulur via, Coimbatore - 641 402

Contact Address

Compliance Officer	For all matters relating to investors Services
Mr. C Subramaniam Company Secretary Shanthi Gears Limited 304-A, Trichy Road Singanallur Coimbatore – 641 005. Tel : (0422) 4545745 Fax : (0422) 4545700 Email : cs@shanthigears.murugappa.com	S.K.D.C. CONSULTANTS LIMITED Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road Ganapathy Coimbatore-641 006 Tel : (0422) 4958995, 2539835-836 Fax : (0422) 2539837 Email : info@skdc-consultants.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHANTHI GEARS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Shanthi Gears Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

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

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
        ii. The Company did not have any long-term contracts including derivative contracts;
        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
        iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

C.R.Rajagopal
Partner
Membership No. 23418

Coimbatore
03 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Shanthi Gears Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.008072S)

C.R. Rajagopal
Partner
(Membership No. 23418)

Coimbatore
03 May 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. The company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. The Company has not granted any loans, made investments, or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year to which the provisions of Sections 73 to 76 or any other relevant provisions of Companies Act, 2013 were applicable.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Gears and Accessories. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax and Excise Duty which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ Crores)	Amount Unpaid (₹ Crores)
Central Excise Act, 1944	Excise Duty on Inter-unit transfer of Machinery	Jurisdictional Officer	2005-06	₹ 0.76 Crores*	₹ 0.76 Crores
Income Tax Act, 1961	Demand on Dividend distribution tax	Joint Commissioner of Income tax, Range III	2010-11	₹ 0.03 Crores	₹ 0.03 Crores

* Excludes penalty

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

C.R.Rajagopal
Partner
Membership No. 23418

Coimbatore
03 May 2017

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 MARCH 2017

₹ Crores

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Assets				
Non-current Assets				
(a) Property, plant and equipment	4	57.91	65.59	73.43
(b) Capital work-in-progress		0.77	0.36	3.61
(c) Investment property	5	7.20	7.27	7.37
(d) Intangible assets	4	0.21	0.36	0.85
(e) Financial assets				
(i) Investments	6	12.17	6.00	-
(f) Deferred tax assets (net)	7	3.60	1.45	-
(g) Other non-current assets	8	6.52	13.07	3.64
Total non-current assets		**88.38**	**94.10**	**88.90**
Current Assets				
(a) Inventories	9	75.17	66.71	65.45
(b) Financial assets				
(i) Investments	10a	57.60	49.64	15.54
(ii) Trade receivables	10b	45.93	38.59	36.65
(iii) Cash and cash equivalents	10c	2.48	1.71	3.53
(iv) Other financial assets	10d	69.50	61.84	90.77
(c) Current tax assets (Net)		1.27	0.24	2.19
(d) Other current assets	11	7.22	4.96	2.88
Total current assets		**259.17**	**223.69**	**217.01**
TOTAL ASSETS		**347.55**	**317.79**	**305.91**
Liabilities				
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	8.17	8.17	8.17
(b) Other equity	13	298.15	275.72	262.32
Total equity		**306.32**	**283.89**	**270.49**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Other long-term liabilities	14	0.06	0.05	0.09
(b) Provisions	15	0.10	0.10	0.10
(c) Deferred tax liability (net)	7	-	-	0.73
Total non current liabilities		**0.16**	**0.15**	**0.92**
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	16a	25.04	21.41	23.55
(ii) Other financial liabilities	16b	0.39	0.51	0.72
(b) Other current liabilities	17	15.12	11.39	10.09
(c) Provisions	18	0.52	0.44	0.14
Total current liabilities		**41.07**	**33.75**	**34.50**
Total liabilities		**41.23**	**33.90**	**35.42**
TOTAL EQUITY AND LIABILITIES		**347.55**	**317.79**	**305.91**
Significant Accounting Policies	3			
See Accompanying notes forming part of the Financial Statements				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

C R Rajagopal
Partner

Coimbatore
03 May 2017

Rajiv Narayanamoorthy
Chief Executive Officer

For and on behalf of the Board of Directors

M M Murugappan
Chairman

L.Ramkumar
Director

C Subramaniam
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

₹ Crores

Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from operations			
Sale of products & Services	19	203.82	182.11
Other income	20	10.73	9.23
Total Income		**214.55**	**191.34**
Expenses			
(a) Cost of materials consumed	21	77.46	62.53
(b) Changes in inventories of finished goods and work in progress	22	(8.40)	(2.08)
(c) Excise duty		19.87	17.32
(d) Employee benefits expense	23	38.86	35.76
(e) Depreciation and amortisation expense	24	17.83	16.71
(f) Other expenses	25	40.43	37.95
Total Expenses		**186.05**	**168.19**
Profit Before Tax		**28.50**	**23.15**
Tax Expense			
Income Tax	26		
Current Tax		8.10	7.91
Deferred Tax		(2.11)	(2.49)
		5.99	**5.42**
Profit for the year		**22.51**	**17.73**
Other Comprehensive Income			
Item that will not be reclassified into profit or loss			
Re-measurement gains and (losses) on defined benefit/obligation (net)		**(0.12)**	**0.90**
Income tax relating to Item that will not be reclassified into profit or loss	26	**0.04**	**(0.31)**
Total Comprehensive Income		**22.43**	**18.32**
Earnings Per Equity Share of ₹ 1/- each	37		
Basic (in ₹)		2.75	2.17
Diluted (in ₹)		2.75	2.17
Significant Accounting Policies	3		
See Accompanying notes forming part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

C R Rajagopal
Partner

Coimbatore
03 May 2017

For and on behalf of the Board of Directors

M M Murugappan
Chairman

L.Ramkumar
Director

Rajiv Narayanamoorthy
Chief Executive Officer

C Subramaniam
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
A. Cash Flow from Operating Activities		
Profit for the year	22.51	17.73
Adjustments for:		
Depreciation of property, plant and equipment	17.76	16.61
Depreciation of investment properties	0.07	0.10
(Profit)/Loss on Property plant & equipment Sold / Discarded (Net)	(0.11)	0.01
Income Tax Expense	5.99	5.42
Interest income	(6.20)	(5.67)
Dividend income	(3.03)	(2.54)
Net gain arrising of financial assets measured at fair value through profit or loss	(0.94)	(0.64)
Provision for doubtful trade receivables	0.49	0.82
Bad debts written off	-	0.97
Operating Profit before Working Capital / Other Changes	**36.54**	**32.81**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(8.46)	(1.26)
Trade receivables	(7.34)	(1.95)
Other financial assets	(5.31)	29.26
Other current assets	(2.26)	(2.08)
Other non-current assets	(0.98)	(1.13)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	3.63	(2.15)
Other current liabilities	3.73	1.30
Other long-term liabilities	0.01	(0.04)
Short-term provisions	0.08	0.31
Cash generated from operations	**19.64**	**55.07**
Net income tax paid	(5.83)	(9.02)
Net cash generated by operating activities	**13.81**	**46.05**
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(6.11)	(10.69)
Proceeds from sale of fixed assets	0.11	(0.03)
Investment in long term investments (Net)	(6.17)	(6.00)
Proceeds from current investments (Net)	(7.63)	(34.10)
Interest received		
- Others	3.85	5.33
Dividend received		
- Others	3.03	2.54
Net cash flow used in investing activities (B)	**(12.92)**	**(42.95)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
C. Cash flow from financing activities		
Dividends paid on equity shares	-	(4.09)
Tax on dividend	-	(0.83)
Net cash flow used in financing activities (C)	**-**	**(4.92)**
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	0.89	(1.82)
Cash and cash equivalents at the beginning of the year	1.20	3.02
Cash and cash equivalents at the end of the year	**2.09**	**1.20**
Cash and Cash Equivalents as at End of the Year comprises of		
(a) Cash on hand*	0.00	0.03
(b) Balances with banks		
i) In Current Accounts	2.09	1.17
Cash and Cash Equivalents as at End of the Year	**2.09**	**1.20**

* Cash on hand for the current year is ₹ 47,982.
See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

C R Rajagopal
Partner

Coimbatore
03 May 2017

For and on behalf of the Board of Directors

M M Murugappan
Chairman

L.Ramkumar
Director

Rajiv Narayanamoorthy
Chief Executive Officer

C Subramaniam
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

a) Equity Share Capital

₹ Crores

Particulars	Amount
Balance as on 01 Apr 2015	**8.17**
Shares issued during the year	**-**
Balance as at 31 Mar 2016	**8.17**
Shares issued during the year	**-**
Balance as at 31 Mar 2017	**8.17**

b) Other Equity

₹ Crores

Particulars	General reserve	Securities premium	Retained Earnings	Other Comprehensive Income	Capital redemption reserve	Total
As at 01 April 2015	**225.00**	**24.29**	**13.01**	**-**	**0.02**	**262.32**
Profit for the year 2015-16			17.73			17.73
Transfer to General Reserve	10.00		(10.00)			-
Other Comprehensive Income				0.59		0.59
Payment of Dividends			(4.92)			(4.92)
Balance at 31 March 2016	**235.00**	**24.29**	**15.82**	**0.59**	**0.02**	**275.72**
Profit for the year 2016-17			22.51			22.51
Transfer to General Reserve	6.00		(6.00)			-
Other Comprehensive Income				(0.08)		(0.08)
Balance at 31 March 2017	**241.00**	**24.29**	**32.33**	**0.51**	**0.02**	**298.15**

See accompanying notes forming part of the Financial Statements

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

C.R.Rajagopal
Partner

Coimbatore
03 May 2017

For and on behalf of the Board of Directors

M M Murugappan
Chairman

L. Ramkumar
Director

Rajiv Narayanamoorthy
Chief Executive Officer

C. Subramaniam
Company Secretary

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Shanthi Gears Limited 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 03 May 2017.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared and presented its financial statements in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These financial statements for the year ended 31 March 2017 are the first financial statements the Company has prepared in accordance with Ind AS. Reconciliation and description of the effect of the transition from Indian GAAP to Ind AS is given in Notes 41-44.

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value at the end of the reporting period (refer accounting policy regarding fair value measurement)

The financial statements are presented in INR and all values are rounded to the nearest crores, except when otherwise indicated.

3. Significant Accounting Policies

3.1. Presentation and disclosure of financial statements

An asset has been classified as current when it satisfies any of the following criteria;

a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) It is held primarily for the purpose of being traded;
c) It is expected to be realized within twelve months after the reporting date; or
d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability has been classified as current when it satisfies any of the following criteria;

a) It is expected to be settled in the Company's normal operating cycle;
b) It is held primarily for the purpose of being traded;
c) It is due to be settled within twelve months after the reporting date; or
d) The company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

3.2. Fair Value Measurement

The Company measures financial instruments, such as, investments at fair value at each balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3. Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses like provision for employee benefits, provision for doubtful trade receivables/advances/ contingencies, provision for warranties, allowance for slow/non-moving inventories, useful life of Property, Plant and Equipment, provision for taxation, etc., during the reporting year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

3.4. Cash and Cash Equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of change in value.

3.5. Cash Flow Statement

Cash flows are reported using the indirect method, where by Profit / (Loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.6. Property, Plant and Equipment

The Company has elected to continue with the carrying value of all its Property, Plant and Equipment under the Indian GAAP as on 31 March 2015, as the deemed cost for the purpose of transition to IND AS.

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 and borrowing cost if capitalisation criteria are met but excludes duties and taxes that are recoverable from tax authorities.

Machinery Spares including spare parts, stand-by and servicing equipment are capitalised as property, plant and equipment if they meet the definition of property, plant and equipment i.e. if the company intends to use these for more than a period of 12 months. These spare parts capitalized are depreciated as per Ind AS 16.

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

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it becomes available for use, their cost is re-classified to appropriate caption and are subjected to depreciation.

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 profit or loss.

3.7. Investment Properties

The Company has elected to continue with the carrying value of its Investment property under the Indian GAAP as on 31 March 2015, as the deemed cost for the purpose of transition to IND AS.

NOTES TO FINANCIAL STATEMENTS

Investment property represents property to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. The fair value of the investment properties is determined based on the capitalisation of net income method, where the market rentals of all the lettable units was considered.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3.8. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company has elected to continue with the carrying value of all its Intangible Assets, recognised as on 31 March 2015, as the deemed cost for the purpose of transition to IND AS.

3.9. Impairment of Assets

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

3.10. Inventories

Raw materials, stores & spare parts and traded goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition. Cost of finished goods includes Excise Duty.

Due allowance is made for slow/non-moving items, based on Management estimates.

3.11. Revenue and Other Income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT) is 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 :

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. 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.

NOTES TO FINANCIAL STATEMENTS

Dividends :

Dividend income is accounted for when the right to receive it is established as on the date of Balance Sheet.

Interest Income:

For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

3.12. Export benefits

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

3.13. Employee Benefits

I. Defined Contribution Plan

a. Provident Fund

Contributions are made to the Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

b. Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

II. Defined Benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the Balance Sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

III. Long-Term Employee Benefits

The Company makes an annual contribution to LIC in satisfaction of its liability towards compensated absence of a Long Term nature based on actuarial valuation on the Balance Sheet date using the Projected Unit Credit Method.

IV. Short-Term Employee Benefits

Short term employee benefits 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.

3.14. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

3.15. Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement

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.

NOTES TO FINANCIAL STATEMENTS

Treatment of exchange differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

3.16. Depreciation and Amortisation

Depreciation on assets (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Description of Assets	Useful life and Basis of depreciation / amortisation
Furniture & Fixtures	5 years
Motorcars	4 years
Office Equipments (Including Data Processing Equipments)	3 years
Plant & Machinery	15 years
Computer Software	3 years

Depreciation is provided pro-rata from the date of Capitalisation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the fixed asset is likely to be affected by the variation in demand and/or its condition/usability.

3.17. Taxes on Income

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

3.18. 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.

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

NOTES TO FINANCIAL STATEMENTS

3.19. Service tax input credit

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

3.20. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability.

A. Financial Assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii. Subsequent measurement

For purposes of subsequent measurement: Debt instruments are measured at amortised cost

iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset

iv. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group 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.

NOTES TO FINANCIAL STATEMENTS

B. Financial liabilities

i. Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables.

ii. Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

De-recognition

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

NOTES TO FINANCIAL STATEMENTS

4. Property, Plant & Equipment

₹ Crores

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2016	Additions	Disposals	As at 31.03.2017	As at 01.04.2016	Additions	Disposals	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
A. Tangible Assets - Owned										
Land	2.86	-	-	2.86	-	-	-	-	2.86	2.86
	(2.86)	-	-	(2.86)	-	-	-	-	(2.86)	(2.86)
Buildings	22.85	-	-	22.85	0.99	1.06		2.05	20.80	21.86
	(19.22)	(3.63)	-	(22.85)	-	(0.99)	-	(0.99)	(21.86)	(19.22)
Plant & Machinery	52.14	8.85	1.21	59.78	14.02	15.06	1.21	27.87	31.91	38.12
	(49.01)	(3.17)	(0.04)	(52.14)	-	(14.02)	-	(14.02)	(38.12)	(49.01)
Furniture & Fittings	1.37	0.19	0.05	1.51	0.41	0.42	0.05	0.78	0.73	0.96
	(1.10)	(0.27)	-	(1.37)	-	(0.41)	-	(0.41)	(0.96)	(1.10)
Office Equipments	1.63	0.53	0.43	1.73	0.42	0.74	0.43	0.73	1.00	1.21
	(0.69)	(0.94)	-	(1.63)	-	(0.42)	-	(0.42)	(1.21)	(0.69)
Vehicles	0.73	0.24	0.03	0.94	0.15	0.21	0.03	0.33	0.61	0.58
	(0.55)	(0.18)	-	(0.73)	-	(0.15)	-	(0.15)	(0.58)	(0.55)
Total	**81.58**	**9.81**	**1.72**	**89.67**	**15.99**	**17.49**	**1.72**	**31.76**	**57.91**	**65.59**
Previous Year	(73.43)	(8.19)	(0.04)	(81.58)	-	(15.99)	-	(15.99)	(65.59)	(73.43)
B. Intangible Assets - Acquired										
Computer Software	0.98	0.12	-	1.10	0.62	0.27	-	0.89	0.21	0.36
	(0.85)	(0.13)	-	(0.98)	-	(0.62)	-	(0.62)	(0.36)	(0.85)
Total	**0.98**	**0.12**	**-**	**1.10**	**0.62**	**0.27**	**-**	**0.89**	**0.21**	**0.36**
Previous Year	(0.85)	(0.13)	-	(0.98)	-	(0.62)	-	(0.62)	(0.36)	(0.85)

Previous Year Figures are given in brackets.

NOTES TO FINANCIAL STATEMENTS

b) The gross block of the assets and their accumulated depreciation under previous GAAP as on 1 April 2015 is Given below:

₹ Crores

Particulars	Gross Block	Accumulated Depreciation	Net Block
Land	2.86	-	2.86
Buildings	30.17	10.95	19.22
Plant & Machinery	306.20	257.19	49.01
Office Equipments	9.38	8.69	0.69
Furniture & Fittings	3.22	2.12	1.10
Vehicles	2.20	1.65	0.55
Computer Software	5.38	4.53	0.85
Total	**359.41**	**285.13**	**74.28**

5. Investment Property

₹ Crores

Particulars	Amount
Deemed Cost	
Opening Balance as at 01 April 2015	7.37
Additions / Deletions during the year	-
Closing Balance as at 31 March 2016	7.37
Additions / Deletions during the year	-
Closing Balance as at 31 March 2017	7.37
Accumulated Depreciation	
Opening Balance as at 01 April 2015	-
Additions during the year	0.10
Closing Balance as at 31 March 2016	0.10
Additions during the year	0.07
Closing Balance as at 31 March 2017	0.17
Net Block	
As at 01 April 2015	7.37
As at 31 March 2016	7.27
As at 31 March 2017	7.20

NOTES TO FINANCIAL STATEMENTS

Information regarding income and expenditure of Investment property

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Rental Income derived from investment properties	0.35	0.35
Direct operating expenses (including repairs and maintenance)	-	-
Profit arising from investment properties before depreciation and indirect expenses	0.35	0.35
Less: Depreciation	(0.07)	(0.10)
Profit arising from investment properties before indirect expenses	0.28	0.25

The Company's investment property consists of the property in Coimbatore which has been let out on rent.

As on 31 March 2017 and on 31 March 2016, the fair values of the property is ₹8.13 Crs and ₹ 8.10 Crs respectively.

The fair value of the investment properties is determined based on the capitalisation of net income method, where the market rentals of all the lettable units was considered. The main inputs used are rental growth rates, expected vacancy rates, terminal yields and discount rates based on industry data. The resulting fair value estimates are classified under Level 3 of the Fair value hierarchy.

The Company has no restrictions on the disposal of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancement.

6 Financial assets

Non-Current Investments

(At lower of cost and fair value, unless otherwise stated)

₹ Crores

Particulars	Nominal Value	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		No. of units	Value	No. of units	Value	No. of units	Value
Investment in Tax Free Bonds - Quoted							
PFC Tax Free Bonds	1000	2567	0.26	2567	0.26	-	-
IRFC Tax Free Bonds	1000	26783	2.75	16783	1.68	-	-
NHAI Tax Free Bonds	1000	11428	1.14	11428	1.14	-	-
IREDA Tax Free Bonds	1000	23624	2.41	13624	1.36	-	-
HUDCO Tax Free Bonds	1000	21442	2.19	11629	1.16	-	-
NABARD Tax Free Bonds	1000	4008	0.40	4008	0.40	-	-
RECL TAX FREE BONDS	1000	8000	0.94	-	-	-	-
NTPC TAX FREE BONDS	1000	17735	1.99	-	-	-	-
NHPC LTD TAX FREE BONDS	1000	800	0.09	-	-	-	-
Total			**12.17**		**6.00**		**-**

NOTES TO FINANCIAL STATEMENTS

7. Deferred Tax Assets (Net)

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Opening Balance	**1.45**	**(0.73)**	**(0.86)**
Recognised in profit or loss			
Provision for Doubtful Debts	0.19	0.48	
Defined benefit obligations	0.19	0.14	
FVTPL financial assets	(0.31)	(0.20)	0.13
Property, plant and equipment	1.75	1.62	
Provision for inventories	0.29	0.45	
Recognised in other comprehensive income			
Defined benefit obligations	0.04	(0.31)	-
Net Deferred Tax Assets / (Liabilities)	**3.60**	**1.45**	**(0.73)**

8. Other non-current assets

(Unsecured, Considered Good unless otherwise stated)

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Capital Advances			
Considered Good	1.19	5.42	0.18
Considered Doubtful	0.18	0.18	-
	1.37	**5.60**	**0.18**
Less: Provision for Doubtful Advance	(0.18)	(0.18)	-
	1.19	**5.42**	**0.18**
Security Deposits	3.07	2.15	1.12
Loans & Advances to Employees	0.21	0.23	0.14
Advance Income Tax (Net of Provision ₹ 20.53 Crores as on 31 March 2017, ₹ 27.20 Crores as on 31 March 2016 and ₹ 22.79 Crores on 01 April 2015)	1.87	5.17	2.11
Rental Advances	0.18	0.10	0.09
Total	**6.52**	**13.07**	**3.64**

9. Inventories

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

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Raw Material and Consumables	31.54	31.48	32.30
Semi Finished Goods	40.44	32.69	31.03
Finished Goods	3.19	2.54	2.12
Total	**75.17**	**66.71**	**65.45**

NOTES TO FINANCIAL STATEMENTS

The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 77.46 Crores (for the year ended 31 March 2016: ₹ 62.53 Crores).

The cost of inventories recognised as an expense includes ₹ 0.85 Crores (during 2015-16: ₹ 1.22 Crores) in respect of write downs of inventory to net realisable value.

The inventories of ₹ 0.19 Crores (as at 31 March 2016 ₹ Nil and as at 01 April 2015 ₹ Nil) are expected to be recovered after more than twelve months.

10. Financial Assets

a) Current Investments

₹ Crores

Particulars	Nominal Value	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		No. of units	Value	No. of units	Value	No. of units	Value
Investment in mutual funds - Quoted							
Reliance Liquid Fund - Treasury plan-direct Daily Dividend Reinvestment	1500	76927	11.76	35453	5.42	-	-
DSP Blackrock Liquidity Fund - Direct plan - Daily dividend	1000	-	-	-	-	11856	1.18
HSBC Cash Fund - Direct plan - Daily dividend	1000	-	-	-	-	8854	0.89
PRINCIPAL Debt Opportunities Fund Conservative Plan-Direct Plan-Daily Dividend-Reinvestment	1000	-	-	-	-	24198	2.43
SBI Premier Liquid Fund - Regular plan - Daily dividend	1000	-	-	-	-	34108	3.42
ICICI Prudential Liquid – Direct Plan – Daily Dividend	100	1052783	10.54	878340	8.79	84886	0.90
Birla Sun Life Cash Plus – Daily Dividend -Direct Plan -Reinvestment	100	1244280	12.47	972630	9.75	-	-
HDFC Cash Management Fund - Direct plan - Daily dividend	10	-	-	-	-	3602332	3.83
HDFC Liquid Fund - Daily Dividend-Direct Plan -Reinvestment	1000	-	-	98446	10.04	-	-
ICICI Prudential Income Opportunities - Growth	20	5315983	12.23	7491295	15.64	-	-
UTI Treasury Advantage Fund - Direct plan - Daily Dividend	1000	105744	10.60	-	-	28821	2.89
Total			**57.60**		**49.64**		**15.54**

NOTES TO FINANCIAL STATEMENTS

b) Trade Receivables

(Unsecured)

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Outstanding for a period exceeding six months from the day they were due for payment			
- Considered Good	1.95	2.51	1.47
- Considered Doubtful	1.96	1.53	0.76
Less: Provision for Doubtful Receivables	(1.96)	(1.53)	(0.76)
Other Receivables			
- Considered Good	43.98	36.08	35.18
- Considered Doubtful (Expected Credit Loss)	0.49	0.43	0.38
Less: Provision for Doubtful Receivables	(0.49)	(0.43)	(0.38)
Total	**45.93**	**38.59**	**36.65**

Out of the above ₹ Nil (PY ₹ 0.05 Crores) is receivable from Holding Company and ₹ 0.05 Crores (PY ₹ Nil) is receivable from TI Tsubamex Private Limited, a related party, disclosed in Note 35.

Trade receivables are non-interest bearing and are generally have credit period to a maximum of 60 days

c) Cash and Cash Equivalents

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Balances with banks in current accounts	2.09	1.17	2.98
Cash on hand	0.00	0.03	0.04
Cash and Cash Equivalents as per Ind AS 7	**2.09**	**1.20**	**3.02**
Other bank balances:			
– Unpaid dividend accounts	0.39	0.51	0.51
Total	**2.48**	**1.71**	**3.53**

Represents ₹47,982

Transaction in Specified Bank Notes

During the year, the Company had specified bank notes and other denomination note as defined in the MCA notification G.S.R.308(e) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

₹ Crores

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand on 08.11.2016	0.01	0.01	0.02
(+) permitted receipts		0.07	0.07
(–) permitted receipts		(0.07)	(0.07)
(–) Amount Deposited in Banks on 11 Now 2016	(0.01)		(0.01)
Closing Cash in Hand as on 30.12.2016	**-**	**0.01**	**0.01**

NOTES TO FINANCIAL STATEMENTS

d) Other Financial Assets

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Other financial assets - Amortised cost			
a) Accruals			
i) Interest Accrued on Deposits	4.06	1.96	1.70
ii) Interest Accrued on Bonds	0.33	0.08	-
b) Other Loans and Advances			
i) Gratuity Fund with LIC (net) (Refer Note 33)	0.49	0.85	0.24
ii) Annual Leave Fund with LIC (net)	0.62	0.35	-
c) Balance in Fixed Deposit Accounts - Original maturity of more than 3 months	61.66	56.30	85.56
d) Others			
i) Receivable from Sale of Surplus Energy	2.25	2.25	3.13
ii) Others	0.09	0.05	0.14
Total	**69.50**	**61.84**	**90.77**

11. Other Current Assets

(Unsecured, Considered Good)

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
a) Prepaid Expenses	0.45	0.48	0.40
b) Balance with Customs and Excise,Sales Tax	6.29	3.45	2.09
c) Advance to suppliers	0.47	1.02	0.37
d) Others	0.01	0.01	0.02
Total	**7.22**	**4.96**	**2.88**

12. Equity Share Capital

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
AUTHORISED:			
10,00,00,000 Equity Shares of ₹ 1/- each with Voting rights	10.00	10.00	10.00
Issued Subscribed and Fully Paid-Up:			
8,17,15,853 Equity Shares of ₹ 1/- each	**8.17**	**8.17**	**8.17**

12(i) Reconciliation of the equity shares and amount outstanding at the beginning and at the end of the reporting periods:

Particulars	Year ended 31.03.2017		Year ended 31.03.2016		Year ended 31.03.2015	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the year	8,17,15,853	8.17	8,17,15,853	8.17	8,17,15,853	8.17
Shares allotted during the year	-	-	-	-	-	-
At the end of the year	8,17,15,853	8.17	8,17,15,853	8.17	8,17,15,853	8.17

NOTES TO FINANCIAL STATEMENTS

12(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31.03.2017 (No. of shares)	As At 31.03.2016 (No. of shares)	As At 01.04.2015 (No. of shares)
Out of the equity shares issued by the company: -Tube Investments of India Limited, the holding company	5,72,96,413	5,72,96,413	5,72,96,413

12(iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares of ₹ 1/- each fully paid up with voting rights: -Tube Investments of India Limited, the holding company	5,72,96,413	70.12%	5,72,96,413	70.12%	5,72,96,413	70.12%

12(iv) The Company has only one class of equity shares having par value of ₹ 1/- each . Each holder of Equity shares is entitled to one vote per equity share. Dividends are paid in India Rupees. Dividends proposed by Board of Directors, if any is subject to approval of the Shareholders in the Annual General Meeting, except in case of Interim Dividend.

13. Other Equity

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
General reserve	241.00	235.00	225.00
Securities premium	24.29	24.29	24.29
Retained earnings	32.33	15.82	13.01
Other Comprehensive Income	0.51	0.59	-
Capital redemption reserve	0.02	0.02	0.02
Total	**298.15**	**275.72**	**262.32**

General Reserve: It represents appropriation of profit by the company.
Securities Premium: Amounts received on issue of shares in excess of the par value has been classified as securities premium.

Retained earnings: Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.

In respect of the year ended 31 March 2017, the board of directors propose that a dividend of ₹ 0.75 per share be paid on fully paid equity shares. This dividend is subject to approval by shareholders at the Annual General Meeting. The total estimated cash outflow would be ₹7.38 Crores including Dividend Distribution Tax.

14. Financial Liabilities (Non Current)
a) Other Long-Term Liabilities

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Rental Deposits	0.06	0.05	0.09
Total	**0.06**	**0.05**	**0.09**

NOTES TO FINANCIAL STATEMENTS

15. Provisions

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Provision for Warranty-(Refer note below)	0.10	0.10	0.10
Total	**0.10**	**0.10**	**0.10**

Provision for warranty is recognised based on past experience of claims received during the warranty period provided by the company.

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
Provision for Warranty			
At the Beginning of the Year	0.10	0.10	0.10
Add: Provision created during the year	0.07	0.07	0.05
	0.17	0.17	0.15
Less: Utilised during the year	(0.07)	(0.07)	(0.05)
At the end of the year	**0.10**	**0.10**	**0.10**

16. Financial Liabilities

a) Trade Payables

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Other than Acceptances (Refer note below)	25.04	21.41	23.55
Total	**25.04**	**21.41**	**23.55**

Trade payable are non-interest bearing and are normally settled with in a period of 90 days
Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the Auditors, there are no dues to such suppliers.

b) Other Financial Liabilities

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Other financial liabilities at amortised cost			
Unclaimed Dividends *	0.39	0.51	0.51
Payable on Purchase of Fixed Assets	-	-	0.21
Total	**0.39**	**0.51**	**0.72**

* Amounts to be credited to Investor Education and Protection Fund towards Unpaid Dividends ₹ 0.06 Crores (as at 31 March 2016: ₹ 0.06 Crores; as at 31 March 2015: ₹ 0.04 Crores).

17. Other Current Liabilities

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Advances from Customers	10.01	8.92	8.69
Statutory Remittances	4.41	2.06	1.40
Others	0.70	0.41	-
Total	**15.12**	**11.39**	**10.09**

NOTES TO FINANCIAL STATEMENTS

18. Provisions

₹ Crores

Particulars	As at 31.03.2017	As At 31.03.2016	As At 01.04.2015
Provision for Compensated Absences	0.52	0.44	0.14
Total	**0.52**	**0.44**	**0.14**

19. Revenue from Operations (Gross)

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Sale of Products	195.83	177.31
Sale of Services	4.07	2.00
Other Operating Revenue		
Sale of Scrap	3.57	2.26
Duty Draw Back and Export Incentives	0.35	0.54
Total	**203.82**	**182.11**

Sale of goods includes excise duty collected from customers of ₹ 19.24 Crores (31 March 2016: ₹ 16.89 Crores). Sale of goods net of excise duty is ₹ 176.59 Crores (31 March 2016: ₹ 160.42 Crores.)

Sale of scrap includes excise duty collected from customers of ₹ 0.38 (31 March 2016: ₹ 0.24 Crores.). Sale of goods net of excise duty is ₹ 3.19 Crores (31 March 2016: ₹ 2.02 Crores.)

20. Other Income

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
a) Interest Income on		
Bank Deposits	5.26	5.51
Others	0.94	0.16
b) Dividend Income from Current Investments	3.03	2.54
c) Net gain arising on financial assets designated as at FVTPL	0.94	0.64
d) Other Non-Operating Income		
Rental Income	0.35	0.35
Profit on Sale of Fixed Assets	0.11	-
Gain on Exchange Fluctuation	0.10	-
Miscellaneous Income	0.00	0.03
Total	**10.73**	**9.23**

21. Cost of Materials Consumed

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Opening Stock	31.48	32.30
Purchases	77.52	61.71
	109.00	94.01
Closing Stock	(31.54)	(31.48)
Cost of Material Consumed (Refer Note 28A)	**77.46**	**62.53**
Cost of Material Consumed comprises of:		
Steel Rods & Forgings	43.84	33.08
Bearings	12.23	6.93
Other items (not exceeding 10% of total consumption)	21.39	22.52
Total	**77.46**	**62.53**

NOTES TO FINANCIAL STATEMENTS

22. Changes in Inventories of Finished Goods and Work in Progress

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Inventories at the beginning of the year		
Work-in-Progress	32.69	31.03
Finished Goods	2.54	2.12
	35.23	33.15
Inventories at the end of the year		
Work-in-Progress	40.44	32.69
Finished Goods	3.19	2.54
	43.63	35.23
Net Increase	**(8.40)**	**(2.08)**

23. Employee Benefits Expense

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Salaries, Wages & Bonus	33.72	30.84
Contribution to Provident & Other Funds (Refer note 33)	1.69	1.58
Staff Welfare Expenses	3.45	3.34
Total	**38.86**	**35.76**

24. Depreciation and amortization expense

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Depreciation of property plant and equipment	17.49	15.99
Amortization of intangible assets	0.27	0.62
Depreciation of Investment Property	0.07	0.10
Total	**17.83**	**16.71**

NOTES TO FINANCIAL STATEMENTS

25. Other Expenses

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Consumption of stores and spare parts (Refer Note 28 B)	0.89	0.37
Power and Fuel	5.61	8.17
Subcontracting Charges	9.13	5.38
Rent including lease rentals (Refer Note 36)	0.38	0.25
Repairs and maintenance - Buildings	0.70	0.30
Repairs and maintenance - Machinery	6.05	5.31
Repairs and maintenance - Others	1.24	1.16
Insurance	0.38	0.38
Rates and taxes	0.78	0.91
Software Expenses	0.87	0.88
Communication	0.31	0.31
Travelling and conveyance	2.30	1.81
Printing and stationery	0.33	0.25
Freight and forwarding	2.10	3.34
Sales commission	1.52	1.10
Sales discount	0.88	0.36
Business promotion	0.56	0.68
Donations and contributions	0.01	0.02
Payments to auditors (Refer (i) below)	0.11	0.11
Expenditure on Corporate Social Responsibility (Refer (ii) below)	0.41	0.40
Professional and Consultancy charges	2.83	2.65
Service Fees	2.01	1.51
Loss on Tangible Assets Discarded (Net)	-	0.01
Trade receivables written off	-	0.97
Provision for doubtful trade receivables	0.49	0.82
Net loss on foreign currency transactions and translation	-	0.03
Commission to Non Executive Directors	0.15	0.15
Directors' sitting fees	0.03	0.03
Bank Charges	0.13	0.08
Other Expenses	0.23	0.21
Total	**40.43**	**37.95**

25(i) Auditors' Remuneration

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Payment to Auditors comprise (Net of levies)		
For Statutory Audit & Tax Audit	0.09	0.08
For Taxation Matters	-	0.01
For Other Services	0.02	0.02
Total	**0.11**	**0.11**

NOTES TO FINANCIAL STATEMENTS

25 (ii) Details of CSR expenditure

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
a) Gross Amount required to be spent by the company during the year	0.41	0.40
b) Amount spent during the year		
i) Education	0.21	0.15
ii) Others	0.20	0.25
Total	**0.41**	**0.40**

26. Income tax recognised in profit or loss

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Current Tax:		
Current income tax charge	9.67	9.16
Adjustments in respect of current income tax of previous year	(1.57)	(1.25)
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(2.11)	(2.49)
Income Tax expense reported in the Statement of Profit and Loss	**5.99**	**5.42**

Other Comprehensive Income section

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

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Remeasurement of defined benefit obligation	0.04	(0.31)
	0.04	**(0.31)**

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

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Accounting Profit before income tax	28.50	23.15
Profit before income tax multiplied by standard rate of corporate tax in India of 34.608% (2016: 34.608%)	9.86	8.01
Effects of:		
Benefits u/s 801A of Income Tax Act	(1.63)	(1.18)
Income that is exempt from taxation	(0.83)	(0.62)
Other disallowances	0.16	0.46
Income Tax expense reported in the Statement of Profit and Loss net of Deferred Tax	7.56	6.67
Adjustments recognised in the current year in relation to the current tax of prior years	(1.57)	(1.25)
Income tax expense recognised in the profit or loss	**5.99**	**5.42**

NOTES TO FINANCIAL STATEMENTS

27 Commitments and Contingent Liabilities

₹ Crores

Particulars	As at 31.03.2017	As at 31.03.2016
Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	0.64	0.80
Contingent Liabilities		
Claims against the Company not acknowledged as debts	0.55	0.55
Disputed Demand for Additional Sales Tax on Central Sales Tax pertaining to the year 1998-99. The matter is pending before the Assistant Commissioner, Fast Track Assessment Circle-I, Coimbatore. The amount has been paid under protest and writ petition is pending with Madras High Court.	0.01	0.01
Disputed Demand for Additional Sales Tax on Central Sales Tax pertaining to the year 1999-2000. The matter is pending before the Assistant Commissioner, Fast Track Assessment Circle-I, Coimbatore. The amount has been paid under protest and writ petition is pending with Madras High Court.	0.01	0.01
Disputed Excise Duty on Inter Unit transfer of Machinery-Duty ₹ 0.76 Crores and penalty 0.76 Crores. The Appellate Tribunal has passed the order and the matter is pending before Jurisdiction Officer	1.52	1.52

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.

28. Imported and Indigenous Materials Consumed

A. Consumption of Raw Materials (Refer Note 21)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	%	₹ Crores	%	₹ Crores
Imported	0.35	0.27	0.52	0.33
Indigenous	99.65	77.19	99.48	62.20
Total	**100.00**	**77.46**	**100.00**	**62.53**

B. Consumption of Stores and Spares (Refer Note 25)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	%	₹ Crores	%	₹ Crores
Imported	19.10	0.17	-	-
Indigenous	80.90	0.72	100.00	0.37
Total	**100.00**	**0.89**	**100.00**	**0.37**

NOTES TO FINANCIAL STATEMENTS

29. Value of imports on CIF basis

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Fixed Assets	6.22	0.04
Raw Material	0.27	0.29
Consumable Stores & Tools	0.17	0.09
Spares	0.67	0.11
Total	**7.33**	**0.53**

30. Earnings in Foreign Exchange

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
FOB value of Exports	11.72	11.69
Total	**11.72**	**11.69**

31. Expenditure in Foreign Currency

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Subscriptions	0.06	0.07
Technical Consultancy Charges	0.05	0.40
Others	0.18	0.14
Total	**0.29**	**0.61**

32. Significant accounting judgements, estimates and assumptions

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Operating lease commitments – Company as lessor

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

NOTES TO 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.

Property, Plant and Equipment and Investment Property

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

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 33.

33. Employee Benefits under Defined Benefit Plans

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 ₹ 1.36 Crores (PY ₹ 1.22 Crores) for Provident Fund contribution, ₹ 0.10 Crores (PY ₹ 0.07 Crores) for Employee State Insurance Scheme in the Statement of Profit & Loss. The contribution payable to these plans by the Company are at the rates specified in the rules of the scheme.

b) Gratuity

Under the Gratuity plan operated by the Company, every employee who has completed atleast five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per 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.

NOTES TO FINANCIAL STATEMENTS

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Change in Benefit Obligation		
Projected benefit Obligation as at Year beginning	**3.51**	**3.94**
Service Cost	0.27	0.32
Interest Cost	0.27	0.31
Actuarial (Gains) / Losses	0.12	(0.90)
Benefits Paid	(0.20)	(0.16)
Projected benefit Obligation as at Year end	**3.97**	**3.51**
Change in Plan Assets		
Fare Value of Planned assets as at year beginning	**4.36**	**4.17**
Expected Return on Plan Assets	0.30	0.33
Employer's Contribution	-	0.02
Benefits Paid	(0.20)	(0.16)
Actuarial (Loss) / Gain	-	-
Fare Value of Planned assets as at year end	**4.46**	**4.36**

Amount Recognised in the Balance Sheet		
Projected Benefit Obligation at the year end	3.97	3.51
Fair Value of the Plan Asset at the year end	4.46	4.36
Asset /(Liability) Recognised in the Balance Sheet	**0.49**	**0.85**

Cost of the Defined Benefit Plan for the Year		
Current Servive Cost	0.27	0.32
Interest on Obligation	0.27	0.31
Expected Return on Plan Assets	0.30	(0.33)
Net Actuarial (Gains) / Losses recognised in the year	0.12	(0.90)
Net Cost recognised in the statement of Profit and Loss Account	**0.96**	**(0.60)**

Reconciliation of OCI (Re-measurment)		
Recognised in OCI at the beginning of period	0.90	-
Recognised in OCI during the period	(0.12)	0.90
Recognised in OCI at the end of the period	0.78	0.90

Sensitivity analysis - DBO end of Period		
Discount rate +100 basis points	(0.35)	(0.31)
Discount rate -100 basis points	0.31	0.26
Salary Increase Rate +1%	0.31	0.26
Salary Increase Rate -1%	(0.36)	(0.31)

NOTES TO FINANCIAL STATEMENTS

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Expected cash flows for following year		
Expected employer contributions / Addl. Provision Next Year	0.23	0.15
Expected total benefit payments		
Year 1	0.21	0.17
Year 2	0.20	0.17
Year 3	0.16	0.17
Year 4	0.23	0.15
Year 5	0.17	0.17
Next 5 years	1.17	0.91

Assumption		
Discount Rate	7%	8%
Future Salary Increase	5%	5%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8%	8%

Notes:

i. The entire Plan Assets are managed by LIC. In the absence of the relevant information from LIC/Actuary, the above details do not include the composition of plan assets.

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

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

iv. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

c) Long Term Compensated Absences

Actuarial Assumption	Year ended 31.03.2017	Year ended 31.03.2016
Discount Rate	7%	8%
Future Salary Increase	5%	5%
Attrition Rate	1 to 3%	1 to 3%
Expected Rate of Return on Plan Assets	8%	8%

These plans typically expose the Company to actuarial risk such as interest rate risk, longevity risk and salary risk.

Interest Rate Risk: A decrease in the bond interest rate will increase the plan liability.

Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO FINANCIAL STATEMENTS

34. Segment Reporting

The Company's main business is manufacture of Gears & Gear Products. There are no separate reportable segments as per Ind AS 108. The Company has opted to disclose information based on geographical location of customers.

₹ Crores

Secondary Segment Disclosure	Year ended / As at 31.03.2017	Year ended / As at 31.03.2016
1. Revenue by Geographic Market		
India	192.10	170.42
Rest of the World	11.72	11.69
Total	**203.82**	**182.11**
2. Segment Assets by Geographic Market		
India	346.94	317.48
Rest of the World	0.61	0.31
Total	**347.55**	**317.79**

35. Disclosure in respect of Related Parties pursuant to Ind AS 24
a) List of Related Parties

Name of the Related Party	Relationship
Tube Investments of India Limited*	Holding Company
Cholamandalam MS General Insurance Company Ltd*	Fellow Subsidiaries
TI Financial Holdings Limited	
TI Tsubamex Private Ltd*	
Financiere C10 SAS	
Sedis SAS	
Societe De Commercialisation De Composants Industries SARL	
Sedis Company Limited	
Mr. L. Ramkumar	KMP of Holding Company

* Represents related Parties with whom the Company had Transactions during the year

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

NOTES TO FINANCIAL STATEMENTS

b) During the year, the following transactions were carried out with the related parties in the ordinary course of business:

₹ Crores

Transactions	Related Party	2016-17	2015-16
Sale of Goods & Services	Tube Investments of India Limited	0.87	0.48
	TI Tsubamex Private Ltd	0.05	-
Dividend Paid	Tube Investments of India Limited	-	2.86
Service Fee (excluding Service Tax)	Tube Investments of India Limited	2.02	1.50
Reimbursement of Expenses	Tube Investments of India Limited	1.15	0.91
Purchase of Scrap	Tube Investments of India Limited	-	0.08
Lease rent Received	Cholamandalam MS General Insurance Company Limited	-	0.03
Premium Paid	Cholamandalam MS General Insurance Company Limited	0.41	0.55
Lease rent Paid	Cholamandalam MS General Insurance Company Limited	0.05	0.07
	Tube Investments of India Limited	0.15	0.03
Rental Deposit Receivable	Tube Investments of India Limited	0.02	-
Rental Deposit Payable	Cholamandalam MS General Insurance Company Limited	-	0.01
Receivable	Tube Investments of India Limited	-	0.05
	TI Tsubamex Private Ltd	0.05	-
Payable	Tube Investments of India Limited	0.22	-

36. Operating Leases

The Company has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹ 0.38 Crores (PY- ₹ 0.25 Crores) is charged to Statement of Profit and Loss account. As lessor, the Company realized an income of ₹ 0.35 Crores (PY- ₹ 0.35 Crores) on properties under lease.

37. Earnings Per Share

₹ Crores

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Profit After Tax	22.51	17.73
Weighted Average Number of Shares		
Basic	8,17,15,853	8,17,15,853
Diluted	8,17,15,853	8,17,15,853
Earnings per share of ₹ 1/-		
Basic (in ₹)	2.75	2.17
Diluted (in ₹)	2.75	2.17

NOTES TO FINANCIAL STATEMENTS

38. Details of Unhedged Foreign Currency Exposures

₹ Crores

Particulars	Currency	As at 31.03.2017		As At 31.03.2016		As At 01.04.2015	
		Foreign Currency	INR (₹ in Crores)	Foreign Currency	INR (₹ in Crores)	Foreign Currency	INR (₹ in Crores)
Trade Receivables	USD	51,076	0.33	5,710	0.03	Nil	-
Trade Receivables	GBP	34,016	0.28	29,209	0.28	36,909	0.34
Trade Receivables	EURO	Nil	-	Nil	-	5,205	0.04
Trade Payables	EURO	Nil	-	10,224	0.08	Nil	-

39. Fair Values

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities

₹ Crores

Particulars	Carrying Value			Fair Value		
	31.03.2017	**31.03.2016**	**01.04.2015**	**31.03.2017**	**31.03.2016**	**01.04.2015**
Financial Assets						
Non-current Investments	12.17	6.00	-	12.17	6.00	-
Current Investments	57.60	49.64	15.54	57.60	49.64	15.54
Trade Receivables	45.93	38.59	36.65	45.93	38.59	36.65
Cash and Cash Equivalents	2.48	1.71	3.53	2.48	1.71	3.53
Other Financial Assets	69.50	61.84	90.77	69.50	61.84	90.77
Total	**187.68**	**157.78**	**146.49**	**187.68**	**157.78**	**146.49**
Financial Liabilities						
Other Financial Liabilities - Non-Current	0.06	0.05	0.09	0.06	0.05	0.09
Trade Payables	25.04	21.41	23.55	25.04	21.41	23.55
Other Financial Liabilities - Current	0.39	0.51	0.72	0.39	0.51	0.72
Total	**25.49**	**21.97**	**24.36**	**25.49**	**21.97**	**24.36**

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

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

₹ Crores

Particulars	Level 1			Level 2			Level 3		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Financial Assets									
Non-current Investments	-	-	-	-	-	-	12.17	6.00	-
Current Investments	57.60	49.64	15.54	-	-	-			
Trade Receivables	-	-	-	45.93	38.59	36.65	-	-	-
Cash and Cash Equivalents	-	-	-	2.48	1.71	3.53	-	-	-
Other Financial Assets	-	-	-	69.50	61.84	90.73	-	-	-

NOTES TO FINANCIAL STATEMENTS

₹ Crores

Particulars	Level 1			Level 2			Level 3		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Total	57.60	49.64	15.54	117.91	102.14	130.91	12.17	6.00	-
Financial Liabilities									
Other Financial Liabilities - Non-current- Other Long Term Liabilities	-	-	-	0.06	0.05	0.09	-	-	-
Trade Payables	-	-	-	25.04	21.41	23.55	-	-	-
Other Financial Liabilities - Current	-	-	-	0.39	0.52	0.72	-	-	-
Total	-	-	-	25.49	21.98	24.36	-	-	-

40. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade payables. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

A. MARKET RISK

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

i. 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.

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 ₹117.91 Crores as at 31 March 2017 and ₹102.84 Crores as at 31 March 2016, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets.

NOTES TO FINANCIAL STATEMENTS

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 2017, the Company has 4 customers (31 March 2016: 4 customers, 1 April 2015: 3 customers), the receivables from whom exceeds 5% of total receivables which amounts to approximately 31% (31 March 2015: 31%, 1 April 2014: 29%) of all the total receivables outstanding.

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

₹ Crores

Trade Receivables	31-Mar-2017			31-Mar-2016			1-Apr-2015		
	Gross	Provision	Net	Gross	Provision	Net	Gross	Provision	Net
Not Due	12.05	0.01	12.04	8.85	0.01	8.84	10.75	0.01	10.74
Less than 6 months	32.42	0.48	31.94	27.66	0.42	27.24	24.81	0.37	24.44
More than 6 months	3.91	1.96	1.95	4.04	1.53	2.51	2.23	0.76	1.47
Total	**48.38**	**2.45**	**45.93**	**40.55**	**1.96**	**38.59**	**37.79**	**1.14**	**36.65**

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.

41. First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Since there is no change in the functional currency, the Company has elected to continue with the carrying value as at 1 April 2015 for all of its investment property and property plant & equipment as recognised in its Previous GAAP financial as deemed cost at the transition date.
2. Estimates - The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVTOCI - equity shares and Impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015 (i.e. the date of transition to Ind-AS) and as of 31 March 2016.

Effect of the Transition to Ind AS:

Reconciliations of the Company's balance sheets prepared under Indian GAAP and Ind AS as of 1 April 2015 and 31 March 2016 are also presented in Notes 42 & 43. Reconciliations of the Company's income statement for the year ended 31 March 2016 prepared in accordance with Indian GAAP and Ind AS presented in Note 44.

NOTES TO FINANCIAL STATEMENTS

42. Equity Reconciliation as on 01 April 2015

₹ Crores

Particulars	Foot Note	Previous GAAP	Reclassification	Previous GAAP	Adjustments	Ind AS
ASSETS			(As per Audited Financial Statements)			
Non-current Assets						
Property, plant and equipment		80.80	(7.37)	73.43	-	73.43
Capital work-in-progress		3.61	-	3.61	-	3.61
Investment Property		-	7.37	7.37	-	7.37
Intangible assets		0.85	-	0.85	-	0.85
Financial Assets						
(i) Investments		-	-	-	-	-
Other non-current assets		5.83	(2.19)	3.64	-	3.64
Total non-current assets		**91.09**	**(2.19)**	**88.90**	**-**	**88.90**
Current Assets						
Inventories		65.45	-	65.45	-	65.45
Financial Assets						
(i) Investments		15.54	-	15.54		15.54
(ii) Trade Receivables	3	37.03	-	37.03	(0.38)	36.65
(iii) Cash and Cash Equivalents		89.09	(85.56)	3.53		3.53
(iv) Other financial assets			90.77	90.77		90.77
Current Tax Assets (net)			2.19	2.19		2.19
Other current assets		8.09	(5.21)	2.88		2.88
Total current assets		**215.20**	**2.19**	**217.39**	**(0.38)**	**217.01**
Total Assets		**306.29**	**(0.00)**	**306.29**	**(0.38)**	**305.91**
EQUITY AND LIABILITIES						
Equity						
Equity Share capital		8.17		8.17		8.17
Other Equity	3	262.57		262.57	(0.25)	262.32
		270.74	**-**	**270.74**	**(0.25)**	**270.49**
Non-current Liabilities						
Financial Liabilities						
(i) Other Long-Term Liabilities		0.09	-	0.09		0.09
Provisions		0.10		0.10		0.10
Deferred Tax Liability (net)	7	0.86		0.86	(0.13)	0.73
		1.05	**-**	**1.05**	**(0.13)**	**0.92**
Current Liabilities						
Financial Liabilities						
(i) Trade Payables		23.55		23.55		23.55
(ii) Other financial liabilities			0.72	0.72		0.72
Other current liabilities		10.81	(0.72)	10.09		10.09
Provisions		0.14		0.14		0.14
		34.50	**-**	**34.50**	**-**	**34.50**
Total Equity and Liabilities		**306.29**	**-**	**306.29**	**(0.38)**	**305.91**

NOTES TO FINANCIAL STATEMENTS

43. Equity Reconciliation as on 31 March 2016

₹ Crores

Particulars	Foot Note	Previous GAAP	Reclassification	Previous GAAP	Adjustments	Ind AS
ASSETS			(As per Audited Financial Statements)			
Non-current Assets						
Property, plant and equipment		72.86	(7.27)	65.59		65.59
Capital work-in-progress		0.36		0.36		0.36
Investment Property		-	7.27	7.27		7.27
Intangible assets		0.36		0.36		0.36
Financial Assets						
(i) Investments		6.00		6.00		6.00
Deferred Tax Assets (net)	7	1.83		1.83	(0.38)	1.45
Other non-current assets		13.31	(0.24)	13.07		13.07
Total non-current assets		**94.72**	**(0.24)**	**94.48**	**(0.38)**	**94.10**
Current Assets						
Inventories		66.71		66.71		66.71
Financial Assets		-	-			
(i) Investments	2	49.00		49.00	0.64	49.64
(ii) Trade Receivables	3	39.02		39.02	(0.43)	38.59
(iii) Cash and Cash Equivalents		58.01	(56.30)	1.71	-	1.71
(iv) Other financial assets			61.84	61.84		61.84
Current Tax Assets (net)			0.24	0.24		0.24
Other current assets		10.50	(5.54)	4.96		4.96
Total current assets		**223.24**	**0.24**	**223.48**	**0.21**	**223.69**
Total Assets		**317.96**	**(0.00)**	**317.96**	**(0.17)**	**317.79**
EQUITY AND LIABILITIES						
Equity						
Equity Share capital		8.17		8.17		8.17
Other Equity	3	275.89		275.89	(0.17)	275.72
		284.06	**-**	**284.06**	**(0.17)**	**283.89**
Non-current Liabilities						
Financial Liabilities						
(i) Other Long-Term Liabilities		0.05		0.05		0.05
Provisions		0.10		0.10		0.10
Deferred Tax Liability (net)				-		-
		0.15	**-**	**0.15**	**-**	**0.15**
Current Liabilities						
Financial Liabilities						
(i) Trade Payables		21.41		21.41		21.41
(ii) Other financial liabilities			0.51	0.51		0.51
Other current liabilities		11.90	(0.51)	11.39		11.39
Provisions		0.44		0.44		0.44
		33.75	**-**	**33.75**	**-**	**33.75**
Total Equity and Liabilities		**317.96**	**-**	**317.96**	**(0.17)**	**317.79**

NOTES TO FINANCIAL STATEMENTS

Movement of Equity consequent to transition to Ind AS

₹ Crores

Particulars	As at 31.03.2016	As at 01.04.2015
Equity under previous GAAP	**284.06**	**270.74**
Effect of measuring investments at fairvalue through profit and loss	0.64	-
Effect of fair valuation of Financial Assets	(0.43)	(0.38)
Tax and deferred tax impact on above adjustments	(0.38)	0.13
Opening balance movement		
Equity as per Ind AS	**283.89**	**270.49**

44. Income Statement Reconciliation for the year ended 31 March 2016

₹ Crores

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
Revenue from operations		(As per Audited Financial Statements)		
Sale of products & Services	5	162.42	17.13	179.55
Other Operating Revenues		2.56		2.56
		164.98	**17.13**	**182.11**
Other Income		8.64	0.59	9.23
Total Income		**173.62**	**17.72**	**191.34**
Expenses				
Cost of Materials Consumed		62.53		62.53
Changes in Inventories of Finished Goods and Work in Progress		(2.08)		(2.08)
Excise Duty	5	-	17.32	17.32
Employee Benefits Expense	6	35.50	0.26	35.76
Depreciation and Amortisation Expense		16.71		16.71
Other Expenses	6	37.50	0.45	37.95
Total Expenses		**150.16**	**18.03**	**168.19**
Profit Before Tax		23.46	(0.31)	23.15
Tax Expense				
Income Tax				
Current Year		9.16		9.16
Prior Years		(1.25)		(1.25)
Deferred Tax	7	(2.69)	0.20	(2.49)
		5.22	**0.20**	**5.42**
Profit for the year		18.24	(0.51)	17.73
Other Comprehensive Income				
Re-measurement gains and (losses) on defined benefit/obligation (net)	6	-	0.90	0.90
Income tax relating to Item that will not be reclassified into profit or loss	7		(0.31)	(0.31)
Total Comprehensive Income		**18.24**	**0.08**	**18.32**

NOTES TO FINANCIAL STATEMENTS

45. There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

46. Foot Notes

1. **Reclassification:**

   'Previous periods' figures have been re-grouped / re-classified, where necessary to comply with Ind AS accounting.

2. **FVTOPL:**

   Under previous GAAP, the entity accounted for investments in long term funds as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the entity has designated such investments as FVTOPL investments. Ind AS requires FVTOPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and previous GAAP carrying amount has been recognised in the profit and loss.

3. **Trade receivables:**

   Under previous GAAP, the entity has created provision for impairment of receivables if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the entity impaired its trade receivable by ₹ 0.38 Crores on 01 April 2015 which has been eliminated against retained earnings. The impact of ₹ 0.43 Crores for the year ended 31 March 2016 has been recognized in the statement of profit and loss.

4. **Events after reporting period:**

   Till the previous year proposed dividend and tax on dividend was accounted in the year pertaining to which dividend had been declared. However, under Ind AS, the liability to pay dividend is recognised only when it is appropriately authorised.

5. **Excise duty:**

   Under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus, sale of goods and sale of scrap in other operating revenue has increased by ₹ 16.89 Crores and ₹ 1.78 Crores with a corresponding increase in expense.

6. **Defined benefit liabilities:**

   Under both previous GAAP and Ind AS, the entity recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is reduced by ₹ 0.90 Crores and Re-measurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

7. **Deferred tax:**

   The various transitional adjustments lead to temporary differences and the entity has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax liabilities was ₹ 0.13 Crores on the date of transition and ₹ 0.38 Crores for the year ended 31 March 2016.

For and on behalf of the Board of Directors

M M Murugappan
Chairman

L. Ramkumar
Director

Coimbatore
03 May 2017

Rajiv Narayanamoorthy
Chief Executive Officer

C. Subramaniam
Company Secretary

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