

SGL-14R/Sec/2026-27

07th July, 2026

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

Bombay Stock Exchange Limited
1st Floor
New Trading Ring, Rotunda Building
P J Towers, Dalal Street
Fort,
Mumbai 400 001

Stock Code: SHANTIGEAR
Through NEAPS

Stock Code: 522034
Through BSE Listing Centre

Dear Ma'am/ Sir,

Sub: Revised Submission of Annual Report for the Financial Year 2025-26 under Reg. 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is in furtherance to our letter bearing reference No. SGL-14/Sec/2026-27 dated 06th July, 2026, through which the Company had submitted its Annual Report for the Financial Year 2025-26.

We wish to inform you that a portion of Notes to Financial Statements was missed inadvertently. In view of the above, we are enclosing herewith the revised Annual Report of the Company for the FY 2025-26.

A copy of the Annual Report is also available on the website of the company viz., <https://www.shanthigears.com/wp-content/uploads/2026/07/Annual-Report-2025-26.pdf>

This is for your information and records.

Thanking You,

Yours faithfully,

For Shanthi Gears Limited

Walter Vasanth P J
Company Secretary & Compliance Officer

THRIVE *to* REVIVE



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Cautionary Statement

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

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The Spirit of the Murugappa Group

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

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

The light of
PAS2ION
that provides us with
the desire to win

The light of
RESPECT
that inspires people
around us to perform

The light of
QUALITY
which makes us
dream of excellence

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

From the Desk of the Chairman

Dear Esteemed Shareholders,

FY 2025-26 was a year that tested the resilience of the industrial sector and reinforced the importance of strategic discipline, operational excellence, and long-term thinking. Amid a challenging demand environment during the first half of the year, Shanthi Gears remained focused on executing its strategy, strengthening customer relationships, improving productivity, and building capabilities for future growth.

While revenue and profitability were impacted by lower order inflows and deferred customer schedules, the Company's fundamentals remained strong. Our disciplined approach towards cost management, operational efficiency, working capital optimization, and capital allocation enabled us to sustain healthy returns and generate positive cash flows.

More importantly, Order inflows gained significant momentum during the second half, culminating in record order bookings during the fourth quarter. The strong closing order book provides confidence as we enter FY 2026-27 and reinforces our belief in the long-term growth potential of the sectors we serve.

India stands at the cusp of a manufacturing transformation driven by infrastructure investments, energy transition, industrial automation, localization initiatives, and increasing global supply chain diversification. These structural trends are creating new opportunities for engineering companies with strong technology, quality, reliability, and execution capabilities.

Shanthi Gears is well positioned to capitalize on these opportunities. Over the years, we have built deep expertise in gears, gearboxes, and power transmission solutions, supported by world-class manufacturing capabilities, a strong brand, and enduring customer partnerships. We continue to invest in technology, process excellence, digital manufacturing, and talent development to strengthen our competitive advantage and expand our market presence.

A significant milestone during the year was our highest ever investment in plant and machinery. This investment reflects our confidence in the future and our commitment to building a stronger and more capable enterprise. The expanded and modernized manufacturing infrastructure will enhance capacity, improve productivity, strengthen quality, and support the evolving requirements of our customers across industries. These investments, coupled with advanced engineering and digital capabilities, are making Shanthi Gears increasingly future ready and well-positioned to capture emerging opportunities in both domestic and global markets.

As part of the Murugappa Group, we draw strength from a legacy of values, governance, and nation-building that has endured for over a century. Our commitment to customer centricity, innovation, sustainability, and operational excellence remains unwavering.

Sustainability continues to be embedded in our strategy and operations. We are committed to reducing our environmental footprint,

improving resource efficiency, ensuring workplace safety, and creating a culture where our people can learn, grow, and contribute meaningfully. We believe that responsible business practices are fundamental to creating sustainable value for all stakeholders.

As we look ahead, our priorities remain clear: accelerating growth, enhancing customer value, improving operational agility, strengthening innovation, and delivering superior returns to our shareholders. The strong recovery in order inflows, combined with our robust balance sheet, enhanced manufacturing capabilities, and dedicated workforce, provides a solid foundation for the next phase of growth.

On behalf of the Board of Directors, I extend my sincere gratitude to our employees for their dedication, our customers for their trust, our suppliers and partners for their support, and our shareholders for their continued confidence in Shanthi Gears.

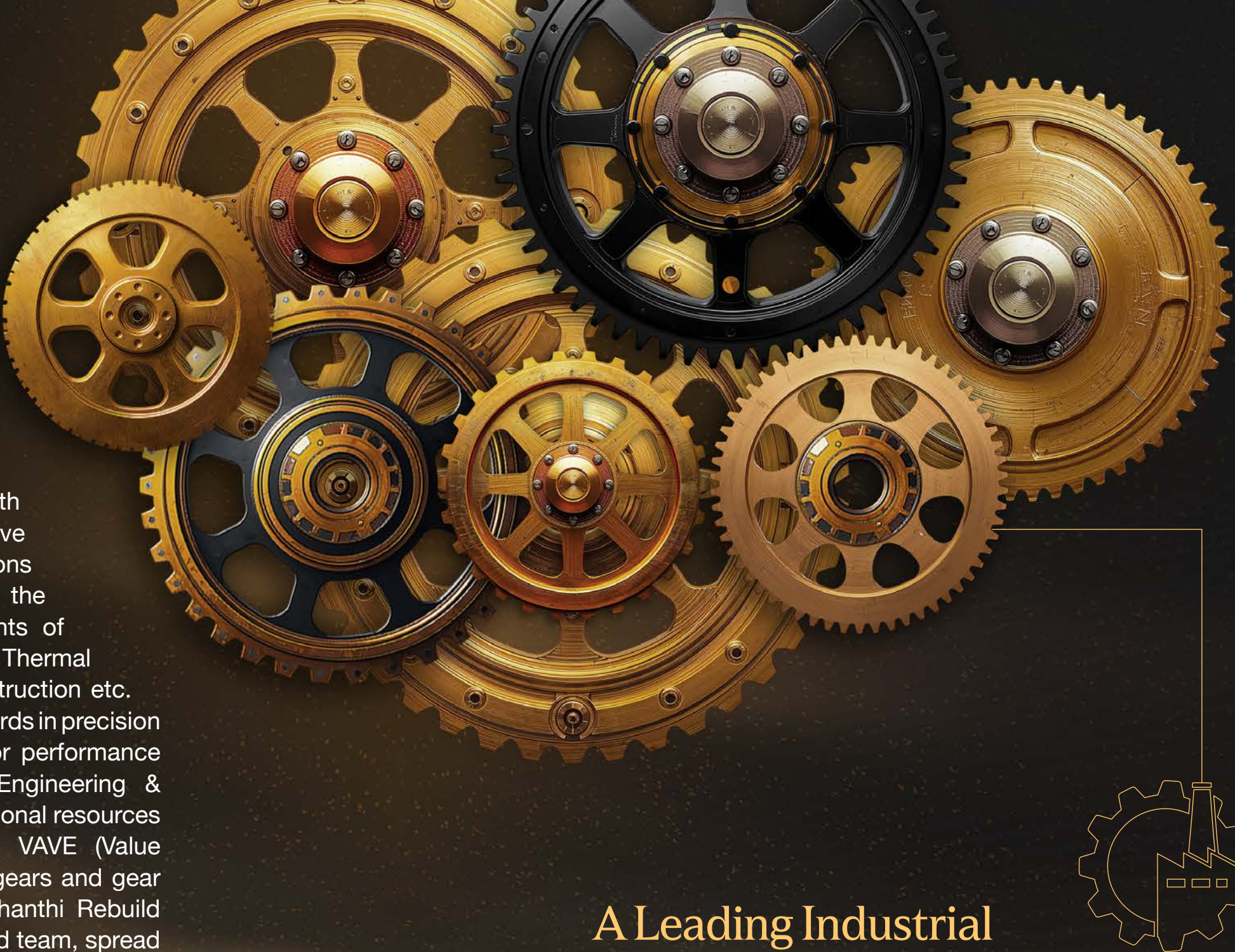


**Mr. M A M Arunachalam,
Chairman**

“Together, we will continue to build a stronger, more agile, and future-ready enterprise that creates lasting value for generations to come.”

Shanthi Gears at a Glance

Shanthi Gears Limited (SGL), a subsidiary of Tube investments of India Limited has been a leading player in Industrial Gearboxes with specialisation of Customised solutions over five decades. Today, through strategic innovations aimed at diversifying its customer segments, the Company steadfastly addresses requirements of multitudes of Industries like Steel, Cement, Thermal & Wind Power, Mining, Transportation, Construction etc. Shanthi Gears have brought the highest standards in precision design and manufacturing to deliver superior performance to the customers. With State-of-the-art Engineering & manufacturing facilities, highly skilled professional resources with honed capabilities, we also execute VAVE (Value Addition and Value Engineering) of existing gears and gear boxes for diverse application. Under the Shanthi Rebuild brand, we have a full-fledged and experienced team, spread across India, to reach customers on time and provide end-to-end solution. We undertake refurbishment of any make Gearboxes, develop spares through faster processing to help customers in reducing the equipment down time. Also, we deploy full time On-site manpower to cater gearbox assembly, commissioning and maintenance requirements. Shanthi Gears Limited is the first Indian Gear Manufacturing company to get the AS-9100D certification for supply of components to Aerospace and IRIS certification for supply of Railway components.



**A Leading Industrial
Motion Solutions Provider,
Powering Sustainable Growth.**



Awards and Recognition

Plasser India ★ Voith



Plasser India

Award of Excellence under the category “**Outstanding Contribution towards New Parts Development (Gear)**” for rail track maintenance and track laying machines.



Voith

Best Partner Award for Demonstrating exceptional collaboration, reliability, and dedication as a valued strategic partner



Exhibiting Excellence



Excon 2025

9th – 13th
Dec 2025

Bangalore
International
Exhibition
Centre (BIEC),
Bengaluru.

Construction



Cement Expo

12th – 13th
Nov 2025

Yashobhoomi
(IICC), Dwarka,
New Delhi

Cement



Windergy India 2025

29th – 31st
Oct 2025

Chennai
Trade Centre,
Chennai

Wind Power



Mid Management Leadership Programme

Identifying and nurturing talent for the future is deeply embedded in the culture of Shanthi Gears Limited. The IIC Graduation Ceremony served as a powerful platform to celebrate learning, recognize achievement, and reinforce Gears the organization's commitment to continuous development.



Powering a Sustainable Future



34,000 Saplings Planted with Integrated Land Development, Fencing and Drip Irrigation

Karamadai, Coimbatore 



10,000 Saplings Planted with Integrated Land Development, Fencing and Drip Irrigation

Arasur, Coimbatore 

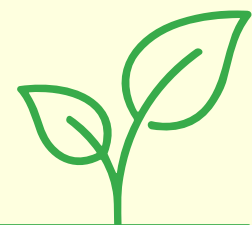


2,000 Saplings Planted with Integrated Land Development, Fencing and Drip Irrigation

K Krishnapuram Panchayat, Tirupur 



Powering a Sustainable Future



Construction of Class rooms

Kaduvettipalayam Village, Coimbatore



CCTV installation in Highway Junction

Kamanaickenpalayam, Tiruppur



X Ray Machine for Primary Health Centre

Somanur, Coimbatore



Beyond the Outdoors, Into Everyday Excellence



At Shanthi Gears, we embrace collaborative outdoor activities strengthen interpersonal relationships, foster trust among teams, and improve communication across functions. These experiences also enhance adaptability and emotional intelligence, enabling employees to navigate challenges with greater confidence and agility.

Ultimately, the values and skills gained through these engagements contribute to make better decisions in their day-to-day work. The lessons learned beyond the workplace translate into stronger leadership, sharper problem-solving, and greater business impact for engaged workforce and fostering strong organizational culture.



Learn. Grow. Lead.



At Shanthi Gears, we believe that continuous learning is fundamental to organizational excellence and sustainable growth. During the year, the Company conducted a range of training and development programmes aimed at enhancing technical competencies, leadership capabilities, quality consciousness, safety practices, and behavioral skills across all levels of the organization.

The training initiatives were designed to equip employees with the knowledge and skills required to adapt to evolving technologies, improve operational efficiency, and meet customer expectations. Specialized programmes covering manufacturing excellence, process improvement, digital tools, workplace safety, quality management, and leadership development were conducted through a combination of classroom sessions, on-the-job learning, expert-led workshops, and e-learning platforms.



Our Board of Directors



Mr. M A M Arunachalam Chairman

Mr. M A M Arunachalam (58 years; DIN-00202958) has done his Bachelors in Commerce and Masters in Business Administration from the University of Chicago. A senior member of the Murugappa family, he is an Industrialist and has an experience of over three decades in the field of varied industrial activities. He is the Chairman of Tube Investments of India Limited and also on the Board of Ambadi Investments Limited, CG Power & Industrial Solutions Limited, TI Clean Mobility Private Limited and Cholamandalam Investment and Finance Company Limited.

Mr. L Ramkumar Non-Executive Director

Mr. L Ramkumar (70 years; DIN-00090089) is a Cost Accountant and has a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He has over four decades of rich and varied experience in management including over 25 plus years in Tube Investments of India Limited and he is also on the Board of Igarashi Motors India Limited and Wendt India Limited.



Ms. Aruna Thangaraj Non-Executive Director

Ms. Aruna Thangaraj (44 years; DIN-07444726) is an electronics engineer from NIT, Trichy and completed her masters from University of Cincinnati, OH USA and University of Houston, TX, USA.

She has worked as an instructional design and training consultant for oil and gas companies in Houston, Texas. She is currently the Managing Director of AGT Electronics Limited, Coimbatore. She has been instrumental for the digital marketing division of AGT which has been successfully growing for over a decade. She was also involved in several organisational intervention projects during this time. She is the convenor of the Technology panel of CII Coimbatore zone and an independent director on the Board of ELGI Equipments Limited and Tidel Park Coimbatore.



Dr. S K Sundararaman Non-Executive Director

Dr. S K Sundararaman (53 years; DIN-00002691) holds an MBBS Degree and Master's in Business Management from Cambridge University, U.K. He is the Managing Trustee of the Firebird Institute of Research In Management. He has been the past Chairman of CII Coimbatore, Education Convener of CII, Tamilnadu. He is currently the Chairman of The Southern India Mills Association & Deputy Chairman of SIMA CDRA. He is also on the Governing Councils of Textile Associations.

He is the Managing Director of Shiva Texyarn Limited & Vedanayagam Hospital Private Limited and holds directorship in Pricol Limited, Shiva Mills Limited, Bannari Amman Spinning Mills Limited and Confederation of Indian Textile Industry.



Mr. A Venkataramani Independent Director

Mr. A Venkataramani (58 years; DIN-00277816) is a Mechanical Engineer from the UK and an MBA from the University of Chicago. He is currently the Managing Director of IP Rings and serves on the Boards of Amalgamations Repco, George Oakes and India Pistons. He is an Independent Director on the Board of Edutech NTTF and Parry Enterprises and Avalon Technologies has also served as President of the Madras Management Association (MMA), The Madras Chamber of Commerce and Industry (MCCI) and Auto Component Manufacturers Association (ACMA).

Mr. M Karunakaran Whole-time Director

Mr. M Karunakaran (54 years; DIN-09004843), is a Mechanical Engineer from Annamalai University, Completed his Post Graduate diploma in Die & Tool Design from GTTC and MBA from University of Madras. He has also completed Advanced Manufacturing Program from Warwick University, UK, Murugappa Leadership program (MLP) from IIM, Ahmedabad and Advanced Management Program (AMP 207) from Harvard Business School, Boston. He has over three decades of experience in Operations, Strategy and business turn around. He has been associated with Tube investments of India Limited (TII) for more than 26 years and serving as CEO of Shanthi Gears Limited since 2019.



Mr. Mukesh Ahuja Non-Executive Director

Mr. Mukesh Ahuja (53 years; DIN-09364667), holds a degree in Production Engineering and MBA in Marketing. He has completed Executive General Management Program in IIM, Bangalore and Advance Management Program in the Harvard Business School, Boston. He has over two decades of experience in managing operations, strategy, business development and sales & marketing. He is the Managing Director of Tube Investments of India Limited and also holding directorship in, Aerostrovilos Energy Private Limited, Moshine Electronics Private Limited, IPLTech Electric Private Limited, X2Fuels and Energy Private Limited and TI Clean Mobility Private Limited.

Mr. Arun Venkatachalam Non-Executive Director

Mr. Arun Venkatachalam (36 years; DIN-09511997) is an MBA Graduate from the London Business School. He has over a decade of experience in both Financial Services & Operations. He serves on the Board of Directors of Payswiff Technologies Private Limited (A Subsidiary of Cholamandalam Investment and Finance Company Limited) and Mavco Investments Private Limited.



10 YEAR FINANCIAL HIGHLIGHTS

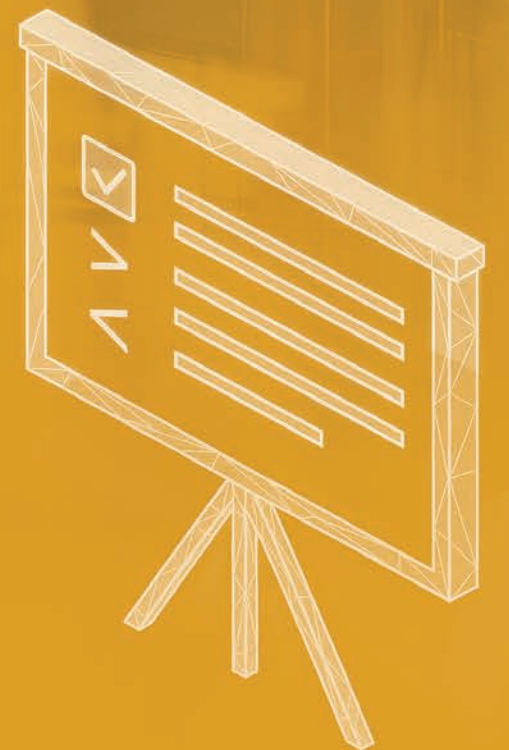
(₹ Crores)										
Particulars	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
OPERATING RESULTS										
Revenue (Excluding excise duty)	518.72	604.62	536.05	445.65	337.07	215.53	242.29	241.68	214.12	183.95
Earnings before Depreciation, Interest & Tax (EBITDA)	123.54	143.39	122.85	101.07	69.1	34.93	41.08	53.08	48.73	46.33
Profit before Interest & Tax (PBIT)	102.70	130.09	109.64	90.19	58.73	26.07	32.69	42.46	33.17	28.50
Profit before Tax (PBT)	102.70	130.09	109.64	90.19	58.73	26.07	32.69	42.46	33.17	28.50
Profit after Tax (PAT)	76.66	96.03	82.25	67.05	42.47	20.17	25.2	33.35	28.58	22.51
Earnings Per Share (₹)	9.99	12.52	10.72	8.74	5.54	2.63	3.28	4.08	3.50	2.75
Dividend Per Share (₹)	5.00	5.00	5.00	3.00	2.5	1.5	2.00	6.00	1.00	0.75
Book Value Per Share (₹)	57.37	52.53	45.02	39.42	33.89	30.92	29.80	36.97	38.90	37.49
Interest	-	-	-	-	-	-	-	-	-	-
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share Capital	7.67	7.67	7.67	7.67	7.67	7.67	7.67	8.17	8.17	8.17
Reserves & Surplus	432.39	395.32	337.64	294.68	252.29	229.46	220.95	293.91	309.62	298.15
Net Worth	440.06	402.99	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32
Debt							-	-	-	-
Deferred Tax Liability (Net)							-	-	-	-
Total	440.06	402.99	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32
APPLICATION OF FUNDS										
Gross Fixed Assets	216.54	177.86	158.22	157.10	143.36	142.8	120.45	113.76	101.28	98.14
Accumulated Depreciation	110.71	98.80	86.07	86.86	77.40	68.78	60.68	55.13	44.47	32.82
Net Fixed Assets	105.83	79.06	72.15	70.23	65.96	74.02	59.77	58.63	56.81	65.32
Capital Work-in-Progress	25.79	4.90	4.10	2.03	3.19	0.03	6.4	0.18	0.50	0.77
Deferred Tax Asset (Net)	7.02	5.26	5.38	4.43	1.61	2.47	4.13	4.96	5.95	3.60
Long Term Investments	10.18	18.21	20.21	20.21	22.21	27.67	27.67	14.16	12.17	12.17
Short Term Investments & Deposits	154.63	153.03	113.01	111.14	93.08	72.69	63.06	112.69	149.01	119.26
Net Working Capital	136.61	142.53	130.46	94.31	73.91	60.25	67.62	111.46	93.35	105.20
Total	440.06	402.99	345.31	302.35	259.96	237.13	228.62	302.08	317.79	306.32
RATIOS										
EBITDA to Sales (%)	23.82%	23.72%	22.92%	22.68%	20.50%	16.21%	16.95%	21.96%	22.76%	25.19%
PBIT to Sales (%)	19.80%	21.52%	20.45%	20.24%	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%
PBT to Sales (%)	19.80%	21.52%	20.45%	20.24%	17.42%	12.10%	13.49%	17.57%	15.49%	15.49%
PAT to Sales (%)	14.78%	15.88%	15.34%	15.05%	12.60%	9.36%	10.40%	13.80%	13.35%	12.24%
Interest Cover (Times)	-	-	-	-	-	-	-	-	-	-
ROCE (%) #	24.36%	34.77%	33.86%	32.10%	22.59%	10.99%	14.30%	14.06%	10.44%	9.30%
Return on Networth (%)	17.42%	23.83%	23.82%	22.18%	16.34%	8.50%	11.02%	11.04%	8.99%	7.35%
Total Debt Equity Ratio	-	-	-	-	-	-	-	-	-	-
Long Term Debt Equity Ratio (+)	-	-	-	-	-	-	-	-	-	-
Sales/Net Fixed Assets (Times)	4.90	7.65	7.43	6.35	5.11	2.91	4.05	4.12	3.77	2.82
Net Working Capital Turnover (Times)	3.80	4.24	4.11	4.73	4.56	3.58	3.58	2.17	2.29	1.75

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

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. M A M Arunachalam, Chairman Mr. L Ramkumar Ms. Aruna Thangaraj Dr. S K Sundararaman Mr. A Venkataramani Mr. Mukesh Ahuja Mr. Arun Venkatachalam
CEO & WHOLE TIME DIRECTOR	Mr. M Karunakaran
COMPANY SECRETARY	Mr. Walter Vasanth P J
REGISTERED OFFICE	304-A, Trichy Road, Singanallur, Coimbatore - 641005
WORKS	C Unit, Avinashi Road, Muthugoundenpudur, Coimbatore D Unit, K.Krishnapuram, Tirupur F Unit, Kannampalayam, Coimbatore
AUDITORS	MSKA & Associates LLP, Chartered Accountants
BANKERS	HDFC Bank IDBI Bank Kotak Mahindra Bank
CORPORATE IDENTIFICATION NUMBER	L29130TZ1972PLC000649

Board Report



BOARD'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

The Board is pleased to present the 53rd Annual Report together with the audited financial statements for the year ended 31st March 2026.

1. Business Environment

Global Economic Scenario

The global economic outlook for 2026–2027 reflects a decelerating but resilient global economy heavily impacted by geopolitical instability, structural shifts, and sticky inflation. Major global institutions project that global real GDP growth will hover between 2.6% and 3.2% over the 2026–2027 period.

Economic performance is diverging across advanced and emerging markets due to a massive Energy supply shock triggered by the conflict in the Middle East.

International Monetary Fund (IMF) adjusted its baseline global growth downward to 3.1% for 2026 and 3.2% for 2027. World Bank projects a slightly more conservative path, stabilizing global expansion at 2.6% in 2026 and 2.7% in 2027. OECD forecasts world output expanding by 2.9% in 2026 before recovering to 3.0% in 2027.

The global environment in 2026 will be shaped by a complex interplay of accelerating ecological crises, structural technological shifts, and geopolitical fragmentation. While short-term political and economic pressures have temporarily deprioritised the environment behind geo-economic conflicts, long-term indicators show

planetary boundaries are under critical strain. The primary factors influencing the global environment are structured across five critical domains:

1. Technological & Infrastructure Pressures
2. Geopolitical & Policy Headwinds
3. Climate Dynamics & Planetary Boundaries
4. Natural Resource & Ecosystem Stress
5. Socio-Economic Impacts

Resilience, flexibility, and technological integration are the ultimate success factors for navigating the highly volatile 2026–2027 macroeconomic landscape. Organizations and governments must pivot from defensive cost-cutting to active structural transformation to overcome the dual pressures of sticky inflation and geopolitical friction.

On the Economy

Indian Economy

India's GDP is projected to grow between 6.6% and 7.0% in the 2026–27 financial year. The International Monetary Fund (IMF) projects India's economy to remain the fastest-growing major economy, with real GDP growth forecasted at 6.5% for the 2026-27 fiscal year. This robust outlook is supported by strong domestic demand, easing inflation, and beneficial global trade adjustments.

Key Economic Indicators (FY27)

The fiscal deficit is targeted at 4.3% of GDP, down from 4.4% in FY26, as the government continues its calibrated fiscal consolidation. Nominal GDP is estimated to grow at roughly 10%.

Volatile crude oil prices and regional conflicts pose continued upside risks to inflation. However, overall inflation is stabilizing, which—alongside anticipated RBI rate cuts—is expected to support consumer purchasing power. Real GDP Growth of 6.5% expected with Inflation in Consumer Price Index (CPI), hovering around 4.7%. The Current Account Deficit is expected to be kept at 2.0% of GDP.

Growth Drivers

Direct tax exemptions, rationalized GST slabs, and a robust agricultural performance (boosted by favorable Rabi crops) are sustaining household and festive consumption. Services remain the primary anchor, helping to offset pressure on merchandise exports amid lingering global tariff uncertainties.

Public investment remains strong, with a continued emphasis on infrastructure development to stimulate private sector participation.

Risks & Challenges

According to reports from IMF, potential escalations in West Asian conflicts and volatile crude prices remain primary risk factors that could marginally temper long-term growth trajectories. The IMF advises careful calibration of policy responses, emphasizing targeted fiscal measures since there is limited room for extensive government manoeuvring.

Indian Gear Industry

Industrial gearbox demand in India for 2026-27 is surging, driven by the expanding manufacturing sector, "Make in India" initiatives, and heavy investments in renewable energy and automation. Valued at over USD 1.4 Billion, this sector is growing at a notable CAGR of over 7%, bolstered by robust localized manufacturing. The market favors high-efficiency, compact, and IoT-enabled gearboxes, with planetary and helical types seeing the highest adoption rates across heavy industries. Key demand drivers and industry trends for 2026-27 include:

Wind Power, Mining, Cement & Automotive sectors will be the sectors which will witness a surge in demand. Increased government infrastructure spending continues to boost demand for heavy-duty torque transmission equipment especially in the defence sector.

Helical Gearboxes dominate the standard manufacturing and material handling segments due to their high load capacity and smooth, efficient operation. Planetary Gearboxes are growing rapidly due to their high torque density, making them the preferred choice for wind turbines and precision robotics.

Technological shifts in the industry has sparked a shift toward "smart" gearboxes. Indian operators are increasingly demanding gearboxes integrated with condition-monitoring sensors for predictive maintenance, minimizing downtime in critical processes.

With stricter environmental regulations and rising power costs, there is a strong push toward energy-efficient designs that minimize power loss and weight.

Challenges of the Market

Indian industrial gear manufacturers face a confluence of margin pressures, technological disruption, and supply chain constraints. Key hurdles include raw material price volatility, a skill gap in precision engineering, and the heavy investment required to meet global quality and automation standards amid stiff international competition.

The primary operational and market challenges are in the areas of Raw Material Volatility with price fluctuations leading to Profit Squeeze, Technological Advancements & Automation. The next challenge is the Skills Gap, Lack of Specialized Talent where there is a notable shortage of skilled technicians and engineers who are experts in gear design, metallurgy, and advanced heat treatment processes. On Talent Retention also the manufacturing sector often struggles to attract young talent, who frequently prefer opportunities in the IT and services sectors over traditional engineering roles.

Domestic players face intense competition from established global giants and cheaper imports from countries like China creating a Global Market Pressure. Limitation in R&D investment restricts the Indian manufacturer's for robust Research and Development. This hinders the ability to innovate and build proprietary technologies that have global demand.

Although the government is pushing for an "Atmanirbhar Bharat" (Self-Reliant India) to boost localized production, challenges with domestic infrastructure, power supply, and logistics remain.

Sector-wise prospects

Railway

Railways are driving a massive, tech-led impetus on safety to eliminate human error, modernize infrastructure, and safeguard millions of passengers. Core safety technologies like Kavach Automatic Train Protection (ATP) to prevent collision. Electronic Interlocking replacing the mechanical signaling and Predictive Maintenance measures are in place. Fatigue Management: Locomotives are fitted with vigilance control devices (VCD) and fatigue-monitoring cameras to ensure loco pilots remain alert. Elimination of Level Crossings: 100% of unmanned level crossings on broad-gauge routes have been eliminated to prevent vehicle-train collisions.

On infrastructure and Rolling Stock, front upgraded LHB coaches, which feature superior anti-climbing technology and built-in fire safety and suppression systems. On Emergency Response & Passenger Security 24x7 help lines and focused safety drives, such as the Meri Saheli initiative, guarantee focused security for women passengers.

India's bullet train network is advancing with the flagship 508 km Mumbai–Ahmedabad High-Speed Rail (MAHSR) project, which features 320 kmph trains. Additionally, seven new corridors, including Bengaluru–Hyderabad and Delhi–Varanasi, were announced in the 2026-27 Budget to boost regional connectivity. Indian Railways is executing a massive expansion of the Vande Bharat fleet, aiming for 800 trainsets by 2030 and 4,500 by 2047.

The year 2026 will be year of Major Reforms for Indian Railways. Budget 2026-27: ₹2.93 lakh Crores capex — highest ever — funding this expansion. In this transformation phase 7500 numbers of Electric Locomotives are planned in major production units of CLW, Dhankuni, BLW and PLW in the next five years. There will be continuous thrust on building Electric Locomotives with priority accorded to 9000 HP Freight locomotives and high speed passenger locos.

Capacity addition for track machines—or mechanized track maintenance—focuses on increasing overall track availability, expanding maintenance fleets, and optimizing operational productivity. This is vital for modern railway networks like Indian Railways to manage heavier axle loads, higher train volumes, and faster speeds without compromising infrastructure safety.

Steel

India's steel sector is experiencing unprecedented growth, with domestic demand projected to surge by 7.4% and consumption reaching around 164 million tonnes. The outlook for the Indian steel sector in FY 2026–27 is highly positive, with India expected to remain the world's fastest-growing major steel market. While global steel demand growth remains sluggish at a projected 0.3%, India's domestic steel consumption is expected to outpace global peers significantly, forecasted to grow by 7.4% in 2026 and 9.2% in 2027. This momentum is fueled by aggressive government capital expenditure, expanding infrastructure, and a strong domestic push for manufacturing and green energy.

India's steel industry is targeting \$2.5 billion in CapEx for FY 2026-27, advancing toward a 300 MTPA capacity goal by 2030. Major players like SAIL, Tata Steel, JSW, and AM/NS are aggressively scaling up integrated facilities and expanding downstream capacity with investments in green steel, supported by Production Linked Incentive (PLI) initiatives of the Government.

Major expansion plans: JSW Steel aims to nearly double its annual production capacity to approximately 80 million tonnes by 2032. Tata Steel is accelerating its India footprint to reach an overall capacity of 40 MTPA by 2030. AM/NS India (Arcelor Mittal Nippon Steel) is Ramping up the Hazira plant from 9 MTPA to 15 MTPA via a ₹ 60,000 crores investment, including two new blast furnaces. SAIL (Steel Authority of India Limited) is modernizing facilities to push hot metal production to 23 MTPA. Jindal Steel and Power Limited (JSPL) is executing a ₹ 31,000 Crores capital expenditure program to take its total steelmaking capacity to 15.9 MTPA. These expansion plans will drive demand.

Extrusion

The Indian plastic extruder gearbox market for the 2026-27 period is experiencing steady growth, driven by surging demand for plastic packaging, rigid pipes, and recycling machinery. These factors push manufacturers toward high-torque, energy-efficient gearboxes that can handle modern, complex polymer processing.

The push for high-torque co-rotating twin-screw setups for compounding and heavy-duty single-screw extruders for PVC pipe manufacturing dictates current purchasing trends. Cast iron housings with hard-toothed helical or planetary gearing arrangements are highly sought after to withstand the rigorous heat and pressure of plastic extrusion. End-users are heavily prioritizing gearboxes with higher load capacities (service factor of 1.5+), >95% operational efficiency, and low-noise continuous operations.

The Indian rubber extruder gearbox market is primarily driven by expanding tire production, rising automotive component demand, and government infrastructure projects. The Key Market Drivers for 2026–2027 will be in the areas of Tire Industry Modernization & Expansion, Automotive, Lightweighting, Infrastructure & Construction Growth: ESG & Energy Efficiency Mandates Localization and "Make in India".

Surging government investments in national infrastructure projects are boosting the demand for heavy-duty rubber products (such as hoses, conveyor belts, and sealing profiles), which directly propels the need for industrial extrusion equipment. Indian manufacturers are increasingly replacing older, energy-intensive machinery. High-efficiency gearboxes that reduce friction and power loss are highly sought after to comply with corporate sustainability and emission goals.

Cranes

Major portion of demand for the crane segment arises from the EOT crane which forms a major share. The Indian Electric Overhead Traveling (EOT) crane market is valued between INR 9,000 and 12,000 crores, experiencing robust growth. Driven by "Make in India" initiatives and rapid infrastructure and logistics expansion, the sector is projected to grow at a Compound Annual Growth Rate (CAGR) of 6% to 7.5% through 2030. Unlike conventional mobile, crawler, or tower cranes that dominate outdoor construction, EOT cranes are permanently installed for indoor, precision heavy lifting. EOT cranes consists of variety of Industrial Gearboxes customized for crane application, which extends good potential to the gear industry.

Demand is driven through growth prospects in Steel plants, automotive lines, port logistics, power, and warehousing. Emerging Opportunities include upcoming Smart factories, renewable energy, and automated logistics hubs. High Lifting capacity units (20 to 100 tons) dominate the majority of the revenue share, while 5 to 10-ton single girder cranes are prevalent in medium workshops. Industry 4.0 integration—such as smart cranes, IoT capabilities, and anti-collision sensors—is seeing increased adoption for improved safety and efficiency.

High initial investments and fluctuating raw material (steel) costs remain notable market restraints to overcome market challenges. Additionally, shortage of skilled operators, intense competition from imported equipment, adapting to new energy-efficiency regulations and strict safety standards strains budgets for smaller enterprises. Despite these headwinds, the sector is expected to see steady growth, driven by rapid industrialization, the government's push for local manufacturing, and heavy investments in the renewable energy and infrastructure sectors. Major players are combating these challenges by shifting focus to IoT & Automation, Energy Efficient crane designs to meet strict government regulations and lower operational costs.

Material Handling Conveyors

The Indian industrial conveyor systems market is projected to reach approximately USD 15.8 billion by 2032, expanding at a robust CAGR of over 7%. This rapid growth is driven by the booming e-commerce sector, warehouse automation, and the expansion of smart factories across the country.

Belt conveyors hold the dominant share (around 28% of the operational layout) due to their versatility in heavy industrial manufacturing and packaging sectors, while roller conveyors are growing rapidly to support e-commerce fulfillment and distribution centers.

Expansion in core sectors like Steel, Power, cement and Construction will enhance the demand for conveyor systems.

Key Growth Drivers in India are Logistics & E-commerce, Manufacturing & "Make in India", Technological Integration with Conveyors incorporating AI, IoT, and sensor-driven analytics for predictive maintenance.

India's bulk material handling (BMH) market is rapidly expanding, with the sector projected to reach over 4.1 billion. Driven by massive infrastructure projects, the Atmanirbhar Bharat (Self-Reliant India) campaign, and a booming manufacturing sector, demand is surging for automated conveyors, stacker-reclaimers, and smart silo systems. Key Market Drivers will be Mining & Minerals: Increased domestic coal production and mineral extraction are demanding high-capacity belt conveyors and robust crushing and screening operations. Ports & Logistics: Expanding maritime trade requires high-volume ship loaders and continuous bulk handling terminals for faster turnaround times. Cement & Steel: The push for urbanization is heavily bolstering the core sectors, which rely on pneumatic conveying and heavy-duty chain conveyors for raw material processing. Agriculture: Rising food processing needs require efficient, automated silo storage and handling to reduce post-harvest losses.

Sources

* IMF	* RBI	* Ministry of Steel	* CRISIL
* Economic Survey 2025–26	* IMARC - Indian Railway Budget	* IBEF	* ICRA
* Union Budget 2026–27		* World Steel Association	

Shift in Technological Trends The future of BMH in India is heavily leaning toward smart automation like AI-driven flow optimization: Monitoring material movement and preventing blockages in real-time. Green technologies: Energy-efficient conveyor systems and advanced dust suppression systems to meet strict environmental and compliance standards. Turnkey solutions: Companies are increasingly offering end-to-end execution, from structural design to commissioning, to streamline complex projects.

Cement

The Indian cement industry is poised for strong volume growth of 7–8% in FY26–27, driven by robust government infrastructure spending and rising rural housing demand. However, operating margins are projected to decline by 150-200 basis points due to surging petcoke, coal, and diesel costs caused by West Asia geopolitical tensions.

The Indian cement industry is on a massive expansion spree, with major manufacturers projected to add 42 to 44 million tonnes per annum (MTPA) of new grinding capacity in FY27 (2026-27). This builds upon a nearly identical addition in FY26, bringing the two-year addition pipeline to roughly 85–90 MTPA.

The expansion is fueled by a projected 6% to 7% volume growth, driven heavily by government infrastructure outlays, dedicated freight corridors, and affordable housing schemes. Incremental grinding capacities are heavily concentrated in the Eastern and Central regions to match new urbanization and industrial cluster demands.

Roughly two-thirds of the total additions are split grinding units strategically placed closer to high-consumption consumption centers. The industry is experiencing intense consolidation with larger players dominating expansions.

2. Company Performance

(₹ Crores)

Particulars	Year Ended 31.03.2026	Year Ended 31.03.2025
Revenue from Operations (Net)	518.72	604.62
Earnings Before Interest Tax Depreciation & Amortisation	123.54	143.39
Depreciation and amortisation expense	16.06	13.30
Profit Before Tax	107.48	130.09
Less: Tax Expenses	26.04	34.06
Profit After Tax	76.66	96.03
Add: Surplus brought forward	193.75	136.09
Appropriations:		
Final dividend paid during the year	15.34	15.34
Tax on final dividend paid during the year		-
Interim dividend paid during the year	23.02	23.02
Tax on interim dividend paid during year		-
Balance carried to Balance Sheet	232.05	193.75

3. Review of Operations

In FY 25-26, Revenue from Operations at ₹518.72 crores, with a 14% de-growth over previous year. The degrowth was due to decrease in order inflows.

Despite these challenges, the Company maintained strong operational discipline, focused on cost optimization, and strengthened customer engagement.

These measures helped enhance operational resilience and position the Company for future growth opportunities. The company made its highest capital investments during this financial year.

EBITDA decreased to ₹123.54 crores in FY 26 from ₹143.39 crores in FY 25 – a degrowth of 14%. The Company registered a net profit of ₹76.66 crores.

The Company generated a Free Cash Flow of ₹29.83 crores during the financial year against ₹75.47 in the previous year.

The Company's Return on Capital Employed stood at 24% in FY 26 compared to 35% in FY 25.

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

4. Dividend

The Board of Directors declared an Interim Dividend of ₹3/- per share (@ 300%) on equity share of the face value of ₹1/- each for the financial year 2025-26, which was paid on 20th February 2026 to all the eligible shareholders. A final dividend of ₹2/- per share (@ 200%) has been proposed by the Board for the said financial year and together with the Interim Dividend of ₹3/- per equity share, already declared and paid, in respect of the financial year 2025-26, ₹5/- per share (@ 500%) will be considered as the total Dividend for the said financial year.

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

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

5. Share Capital

The paid up Equity Share Capital as on 31st March 2026 was ₹ 7.67 Crores.

6. Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest was outstanding as on 31st March 2026.

7. Particulars of Loans, Guarantees

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

8. Directors

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

The Board records its appreciation for Ms. Soundara Kumar, Independent Directors for her dedication and contributions towards the growth of the organization. Ms. Soundara Kumar retired from the Board w.e.f 30th July 2025. During the Financial Year 2025-26 Ms. Aruna Thangaraj, has been appointed as Independent Director of the Company w.e.f 30th July 2025.

The Board of Directors confirms that the Independent Directors appointed during the year possess strong integrity and ethical conduct. After reviewing their qualifications, background, and experience, the Board believes the director brings valuable expertise in negotiating joint venture agreements and setting up greenfield projects. Their skills in strategic decision-making, governance, and risk management will enhance the Board's

effectiveness. The Board is confident that their independent perspective and contributions will support the company's long-term growth and strong governance.

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

9. Key Managerial Personnel

Mr. M Karunakaran, CEO & Whole-time Director; Mr. Walter Vasanth P J, Company Secretary & Compliance Officer and Mr. Ranjan Kumar Pati, Chief Financial Officer (resigned w.e.f., 19th March 2026) are the Key Managerial Personnel (KMP) of the Company as per Section 203 of the Companies Act, 2013.

10. Internal Control System and their Adequacy

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

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

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

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

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

11. Internal Financial Control Systems with reference to financial statements

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

12. Enterprise Risk Analysis and Management

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

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

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

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

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

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

13. Corporate Governance

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

14. Corporate Social Responsibility (CSR)

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

15. Annual Return

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

16. Directors Responsibility Statement

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

- a) in the preparation of the annual accounts, applicable Accounting Standards have been followed and that there were no material departures therefrom;
- b) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2026 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31st March 2026 and
- f) proper system has been devised to ensure compliances with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March 2026.

17. Policy on Appointment and Remuneration of Directors

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

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

The Board Nomination criteria and the Remuneration policy are available on the website of the Company at <https://www.shanthigears.com/wp-content/uploads/2025/04/Remuneration-Policy.pdf>.

18. Related Party Transactions

All related party transactions that were entered during the year under review were on an arm's length basis and were in ordinary course of business. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under Accounting Standard (Ind AS 24) have been made in the notes to the Financial Statements. The Policy on Related Party Transactions, as approved by the Board, is uploaded and is available on the Company's website <https://www.shanthigears.com/wp-content/uploads/2026/01/Policy-on-Related-Party-Transactions.pdf>.

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

All transactions with Related Parties under the Companies Act, 2013, entered during the financial year were in the ordinary course of business at arm's length and hence no particulars are required

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

19. Board Evaluation

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

20. Vigil Mechanism / Whistle Blower Policy

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

21. Business Responsibility & Sustainability Reporting

As required under the SEBI Listing Regulations which mandate the inclusion of a Business Responsibility & Sustainability Report as part of the Annual Report for the top 1000 listed entities based on market capitalisation, the Business Responsibility Report forms part of the Annual Report as **Annexure - G**. The Business Responsibility Policy of the Company is displayed in the Company's website at the following link: <https://www.shanthigears.com/wp-content/uploads/2020/06/SGL-BRR-Policy-May-2020.pdf>.

22. Declarations/Affirmations

During the year under review:

- There were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the

financial year of the Company to which the financial statements relate viz., 31st March 2026 and the date of this Report; &

- There were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in future.

23. Human Resources

Intellectual capital has been the cornerstone of Shanthi Gear's sustenance over the years. The Company has a large pool of engineers. This critical competitive edge has enabled the Company to stand out from the clutter and develop niche solutions that address the ever-evolving requirements of the sectors it caters to.

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

Senior leaders have been investing lot of time and efforts in identifying and developing succession pipeline for critical positions in the organization. The transition management programmes viz., FTF, MM and LEAD have been very successful and as part of the programme, implementation of Individual Development Plans (IDPs) for talent pool identified through these programmes is being facilitated. The IDPs are being reviewed regularly and On-the-Job projects, job enlargement /job rotation, mentoring support to the Talents are being provided. Coaching & mentoring was done for select talent across the organization with an intent of developing future leaders. Internal employees have been given opportunities to take up higher roles and grow in the system under Grow from within Scheme.

The Company had 479 permanent employees on its rolls, as on 31st March 2026.

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

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

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

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

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

The Company has in place a Prevention of Sexual Harassment policy (POSH) in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual,

temporary and trainees) are covered under this policy. During the Financial Year 2025–26, no complaints relating to sexual harassment were received. Consequently, no complaints were disposed of during the year, and no complaints were pending as at the close of the financial year. Further, there were no cases pending for more than ninety (90) days as on 31st March 2026.

26. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sridharan & Sridharan Associates, Company Secretaries to undertake Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and forms part of this Report as **Annexure - F**. Accordingly, no qualification or observation or other remarks have been made by the Secretarial Auditor in his Report.

27. Auditors

The Members have appointed M/s MSKA & Associates LLP, Chartered Accountants (Formerly known as M/s MSKA & Associates), (LLPIN. ACT – 3789) the Statutory Auditors of the Company for a period of 5 years from the conclusion of 50th AGM (2023) till the conclusion of 55th AGM (2028). The Statutory auditor's report forms part of the Annual report and no qualifications or observations or other remarks have been made by Statutory auditor in his report.

In accordance with the provisions of Section 148(1) of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Company has maintained cost records in respect of Gears, Gearboxes and Accessories for the Financial Year 2025-26. Mr. B. Venkateswar was appointed as Cost Auditor for the audit of the Cost Accounting

records of the Company for the year ended 31st March 2026. A resolution seeking Members' ratification of the Remuneration payable to the Cost Auditor is included in the AGM notice dated 05th May 2026. The Cost Audit report will be filed within the stipulated period.

The Members have appointed of M/s. Sridharan & Sridharan Associates, Firm of Company Secretaries in Practice, (Firm Registration: P2022TN093500) the Secretarial Auditors of the Company for a period of 5 years from the conclusion of 52nd AGM (2025) till the conclusion of 57th AGM (2030).

28. Subsidiaries/Associates/Joint Ventures

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

29. Secretarial Standards

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

30. General

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

31. Change in Nature of Business

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

32. Other Confirmations

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at 31st March 2026.

There was no instance of one time settlement with any Bank or Financial Institution.

The Company has complied with relevant provisions of the Maternity Benefit Act, 1961.

33. Acknowledgement

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

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

Place: Coimbatore
Date: 05 May 2026

ANNEXURE - A TO THE BOARD'S REPORT

Dividend Distribution Policy

1. Background

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 introduced on 08th July 2016. This policy will be effective from 29th March 2021, being the date of its approval by the Board of Directors of the Company.

2. Objective

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

3. Parameters to be considered for declaration of Dividend

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

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

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

3.1 Financial Parameters / Internal Factors

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

3.2 External Factors

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

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

4. Circumstances under which the shareholders may not expect Dividend

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

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

5. Utilization of retained earnings

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

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

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

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

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

7. Procedure

- 7.1 The dividend proposal placed before the Board for consideration shall be in terms of this Policy.
- 7.2 The Company shall ensure compliance of provisions of applicable Laws and this Policy in relation to Dividend declared by the Company.

8. Disclosure

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

9. General

- 9.1 This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter
- 9.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 9.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

ANNEXURE - B TO THE BOARD'S REPORT

Annual Report On Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company

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

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

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

2. Composition of CSR Committee

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

* Member w.e.f 31st July 2025

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

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

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

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

6. Average net profit of the Company as per Section 135(5): ₹ 109.55 Crores

7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 2.19 Crores

(b) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 2.19 Crores

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

Total Amount Spent for the Financial Year	Amount Unspent (in ₹ Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2.19	-	-	-	-	-

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

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

1.	2.	3.	4.	5.	6.	7.	8.
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (in Rs Lacs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency
				State District			Name CSR registration number
1	Saplings plantation with drip irrigation & fencing	Environmental Sustainability	Yes	Coimbatore, Tamilnadu	83.20	Yes	- -
2	Road Expansion	Rural Development	Yes	Tirupur, Tamilnadu	41.77	Yes	- -
3	Construction of two class rooms	Education	Yes	Coimbatore, Tamilnadu	1.95	Yes	- -
4	X-Ray Machine	Health Care	Yes	Coimbatore, Tamilnadu	10.99	Yes	- -
5	Saplings plantation with drip irrigation & fencing	Environmental Sustainability	Yes	Coimbatore, Tamilnadu	6.38	Yes	
6	Saplings plantation with drip irrigation & fencing	Environmental Sustainability	Yes	Tirupur, Tamilnadu	1.69	Yes	
7	CCTV Installation in highway junction	Rural Development	Yes	Tirupur, Tamilnadu	3.86	Yes	
8	LED Street Lights	Rural Development	Yes	Coimbatore, Tamilnadu	8.99	Yes	
Total					219.29		

(d) Amount spent in Administrative Overheads: Nil

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

(f) Total amount spent for the Financial year: ₹ 2.19 Crores

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ Crores)
i.	Two percent of average net profit of the Company as per Section 135(5)	2.19
ii.	Total amount spent for the Financial Year	2.19
iii.	Excess amount spent for the financial year ((ii)-(i)	0
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous years, if any	Nil
v.	Amount available for set off in succeeding financial years (iii)-(iv)	Nil

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

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

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

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): Not Applicable

On behalf of the Board

M A M Arunachalam

Chairman

(DIN-00202958)

S K Sundararaman

Chairperson of the CSR Committee

(DIN-00002691)

Place: Coimbatore

Date: 05 May 2026

ANNEXURE - C TO THE BOARD'S REPORT

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

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

Name	Designation	Ratio
Mr. M A M Arunachalam	Chairman	13.42
Mr. L Ramkumar	Director	1.02
Dr. S K Sundararaman	Director	0.97
Ms. Soundara Kumar	Director	0.83
Mr. Mukesh Ahuja	Director	Not Applicable
Mr. Arun Venkatachalam	Director	0.89
Mr. A Venkataramani	Director	0.94
Ms. Aruna Thangaraj	Director	0.21
Mr. M Karunakaran	CEO & Whole-time Director	24.16

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

Name	Designation	% Increase
Mr. M A M Arunachalam	Chairman	100.00
Mr. L Ramkumar	Director	2.70
Dr. S K Sundararaman	Director	-5.30
Ms. Soundara Kumar	Director	-16.20
Mr. Mukesh Ahuja	Director	Not Applicable
Mr. Arun Venkatachalam	Director	10.00
Mr. A Venkataramani	Director	23.00
Ms. Aruna Thangaraj	Director	Not Applicable
Mr. M Karunakaran	CEO & Whole-time Director	25.50
Mr. Walter Vasanth P J	Company Secretary	6.90
Mr. Ranjan Kumar Pati	Chief Financial Officer	14.30

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

Median Remuneration	
2024-25	7.63
2025-26	7.44
Increase / (Decrease)	-0.19
% Change	-2%

4. Number of Permanent Employees on Roll: 479

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average increase granted to employees other than managerial personnel is 6%. The increase granted to managerial personnel is 21%.

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

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

Place: Coimbatore
Date: 05 May 2026

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

ANNEXURE - D TO THE BOARD'S REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy

The Company is committed to the conservation of energy and various measures are pursued in this regard, some of the measures taken during 2025-26 are highlighted hereunder: We have saved around 60,000 units in last year by implementing various energy savings measures such has eliminating idle running motors in Key Machines and Paint booth. Also by replacing standard motors with energy efficient motors in Key Machines.

Green Power

The company has 9 Wind Mills with a total capacity of 6.7 MW and the wind mills generated 1,06,90,509 units of electricity. The company has an in house solar capacity of 190 KW and the solar power generated was 185124 units for the year. All these units were used for capital production.

Steps taken by the company for utilizing alternate sources of energy.

Power procurement has been initiated through the Indian Energy Exchange (IEX) and third-party power purchase agreements (TPPA) as part of our strategy to optimize energy costs, enhance power availability, and improve overall energy management.

Capital investment on energy conservation Equipments:

Nil

Technology Absorption

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

SGL's Research and Development (R&D) department is advancing Power Transmission Products through strategic innovations and, by 2027, aims to be a leader in delivering reliable, high-quality, and technologically advanced products.

Key R&D Focus Areas & New Product Development (NPD):

- Power to Weight ratio optimization in Gear Box for competitive advantage.
- **Construction Machinery** gearboxes for off highway equipments.

Place: Coimbatore
Date: 05 May 2026

- **Import Substitution:** Actively driving "Make in India" initiatives by developing domestic Capabilities (Machine's, Technology, Software) to cater defense Segment.

Technological Advancements & Testing Infrastructure:

- **Advanced Testing:** Establishing specialized test setups for accelerated life cycle testing of gearboxes with broader torque ranges and specialized rigs for gearboxes up to 2MW.
- **Smart Solutions (IIoT & CMS):** Developed affordable Condition Monitoring Systems (CMS) for real-time Speed,Vibration & Temperature, Oil level Monitoring diagnosis to enhance gearbox life.

Manufacturing Excellence & Innovation:

- **Lean Manufacturing cells with one Piece Flow** in shop floor and Effective usage of Lean Principles to improve assembly line efficiency.
- **Future-Ready:** Actively pursuing patentable ideas in design and Operational excellence manufacturing Practises to maintain a competitive advantage.

Expenditure on R&D (₹ Crores)		
Particulars	2025-26	2024-25
Capital Expenditure	3.71	4.85
Revenue Expenditure	2.73	2.60
Total Expenditure	6.44	7.45
Total R & D Expenditure as a % of turnover	1.25	1.23

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

Foreign Exchange Earnings and Outgo (₹ Crores)		
Particulars	2025-26	
Foreign Exchange Earned	66.34	
Foreign Exchange Outgo	31.01	

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

ANNEXURE - E TO THE BOARD’S REPORT

Form No. AOC - 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis	
a. Name(s) of the related party and nature of relationship	Nil
b. Nature of contracts/arrangements/transactions	
c. Duration of the contracts/arrangements/transactions	
d. Salient terms of the contracts or arrangements or transactions including the value, if any	
e. Justification for entering into such contracts or arrangements or transactions	
f. Date of approval by the Board	
g. Amount paid as advances, if any	
h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2. Details of material contracts or arrangement or transactions at arm’s length basis	
a. Name(s) of the related party and nature of relationship	Nil
b. Nature of contracts/arrangements/transactions	
c. Duration of the contracts/arrangements/transactions	
d. Salient terms of the contracts or arrangements or transactions including the value, if any	
e. Date(s) of approval by the Board, if any	
f. Amount paid as advances, if any	

Place: Coimbatore
Date: 05 May 2026

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

ANNEXURE - F TO THE BOARD’S REPORT

Secretarial Audit Report for the Financial Year ended 31st March 2026

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

The Members,
SHANTHI GEARS LIMITED
CIN: L29130TZ1972PLC000649
304A, Trichy Road, Singanallur,
Coimbatore - 641005

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SHANTHI GEARS LIMITED [Corporate Identification Number: L29130TZ1972PLC000649] (hereinafter referred as “the Company”) for the financial year ended 31st March 2026. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2026 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;

- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA during the year under review and hence, the question of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) are applicable;
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the year under review);
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (not applicable during the year under review);
 - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (not applicable during the year under review);
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (not applicable as the company is not registered as Registrar to an Issue and Share transfer Agent during the year under review);

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

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

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

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

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

We further report that

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

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

During the year under review, the Directors/ Members who have participated in the Board/ Committee meetings through Video Conferencing were in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

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

We further report that based on review of compliance mechanism established by the Company and to the best of our information and according to explanations given to us by the Management and also on the basis of the

Place: Chennai
Date: 05 May 2026

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

Compliance certificates issued by the Chief Financial Officer and Company Secretary under various statutes as mentioned above in clause (vi) and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws.

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

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

We further report that during the audit period, the Company had obtained approval of shareholders at its meeting dated 30th July 2025 for Alteration of Articles of Association of the Company.

For **SRIDHARAN & SRIDHARAN ASSOCIATES**
COMPANY SECRETARIES

CS R. SRIDHARAN
MANAGING PARTNER
CP NO. 3239
FCS NO. 4775
PR NO.6333/2024
UIN: P2022TN093500
UDIN: F004775H000260327

ANNEXURE - A TO SECRETARIAL AUDIT REPORT

The Members,
SHANTHI GEARS LIMITED
 CIN: L29130TZ1972PLC000649
 304A, Trichy Road, Singanallur
 Coimbatore – 641005

Our Secretarial Audit report for the financial year ended 31st March 2026 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records as per the Auditing Standards (CSAS-1 to CSAS-4) and Guidance Notes on ICSI Auditing Standards and Guidance Note on Secretarial Audit issued by The Institute of Company Secretaries of India. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as well as correctness of the values and figures reported in various disclosures and returns as required to be filed by the company under the specified laws.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. It is the responsibility of the management of the company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **SRIDHARAN & SRIDHARAN ASSOCIATES**
COMPANY SECRETARIES

CS R. SRIDHARAN
 MANAGING PARTNER
 CP NO. 3239
 FCS NO. 4775
 PR NO.6333/2024
 UIN: P2022TN093500
 UDIN: F004775H000260327

Place: Chennai
 Date: 05 May 2026

Business Responsibility & Sustainability Report



ANNEXURE - G TO THE BOARD'S REPORT

Business Responsibility and Sustainability Report

Section A: General Disclosures

i. Details of the Listed Entity

Sl.No.	Description	Details
1	Corporate Identity Number (CIN) of the Listed Entity	L29130TZ1972PLC000649
2	Name of the Listed Entity	Shanthi Gears Limited
3	Year of incorporation	1972
4	Registered office address	304-A, Trichy Road, Singanallur, Coimbatore - 641 005, Tamil Nadu, India
5	Corporate address	304-A, Trichy Road, Singanallur, Coimbatore - 641 005, Tamil Nadu, India
6	E-mail	info@shanthigears.murugappa.com
7	Telephone	0422-4545745
8	Website	www.shanthigears.com
9	Financial year for which reporting is being done	2025-2026 (01 st April 2025 to 31 st March 2026)
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited Bombay Stock Exchange Limited
11	Paid-up Capital	₹ 7.67 Crores
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Mr. Walter Vasanth P J Telephone: +91 422 4545745 Email Address: waltervasanthpj@shanthigears.murugappa.com
13	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis - The reporting boundary comprises all the manufacturing units of the Company in India for the period covering 1 st April 2025 to 31 st March 2026
14	Name of assurance provider	-
15	Type of assurance obtained	-

ii. Products/Services

		Sl. No.	Description of main activity	Description of business activity	% of turnover of the entity (FY24)
16	Details of business activities (accounting for 90% of the turnover):	1	Manufacturing & Services	Design and Manufacture of Gears, Gear boxes, Geared Motors, and Gear Assemblies, Refurbishing & repairing of gear boxes.	100%

		Sl. No.	Product/ Service	NIC Code	% of total turnover contributed
17	Products/ Services sold by the entity (accounting for 90% of the entity's Turnover):	1	GGM (Gears & Gear Motors)	2814	48%
		2	GDS (Gear Drives & Services)	2814	52%

iii. Operations

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

	Market served by the entity:	Locations	Numbers
19	a. No. of Locations	National (No. of States/UTs)	28 States & 8 Union Territories
		International (No. of Countries)	27
	b. What is the contribution of exports as a percentage of the total turnover of the entity?	13% is the total turnover in percentage for the reporting period.	
	c. A brief on types of customers	Shanthi Gears caters to a broad and diversified customer base, in Business to Business (B2B) segment, the Company primarily supplies to Original Equipment Manufacturers (OEMs). The products and services offered by Shanthi Gears find application across a wide spectrum of industries, including but not limited to mineral processing, mining, off highway vehicles, rubber and plastics, extruders, power generation, wind energy, general engineering, steel, textiles, railways, chemicals, fertilizers, non ferrous metals, pumps, valves, blowers and compressors, lifts, conveyors and cranes, material handling, pulp and paper, cement, sugar, foundry operations, conveyor systems, aerospace and defense, textile mills, and food processing. This extensive customer mix and the diversity of industry applications underscore the comprehensive and versatile nature of Shanthi Gears' product portfolio and service capabilities.	

iv. Employees

20. Details as at the end of Financial Year

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
a. Employees and Workers (including differently abled)						
Employees						
1	Permanent (D)	263	240	91%	23	9%
2	Other than Permanent (E)	133	121	91%	12	9%
3	Total employees (D + E)	396	361	91%	35	9%
Workers						
4	Permanent (F)	216	213	99%	3	1%
5	Other than permanent (G)	823	766	93%	57	7%
6	Total workers (F + G)	1039	979	94%	60	6%
b. Differently abled Employees and Workers						
Differently abled employees						
7	Permanent (D)	0	0	0	0	0
8	Other than Permanent (E)	0	0	0	0	0
9	Total differently abled employees (D + E)	0	0	0	0	0
Differently abled workers						
10	Permanent (F)	0	0	0	0	0
11	Other than permanent (G)	0	0	0	0	0
12	Total differently abled workers (F + G)	0	0	0	0	0

21. Participation/Inclusion/Representation of women

Sl. No.	Particulars	Total (A)	No. and percentage of Females	
			No. (B)	% (B/A)
1	Board of Directors	9	2	22
2	Key Management Personnel	3	Nil	Nil

22. Turnover rate for permanent employees and workers

Category	FY 2026			FY 2025			FY 2024		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17%	0%	17%	17%	1%	18%	22%	0%	22%
Permanent Workers	1%	0%	1%	2%	0%	2%	1%	0%	1%

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

23. (a) Names of holding/subsidiary/associate companies/joint ventures

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

vi. CSR Details

24	(i) Whether CSR is applicable as per section 135 of the Companies Act, 2013: (Yes/No)	Yes
	(ii) Turnover (in ₹)	518.72 Crores
	(iii) Net worth (in ₹)	440.06 Crores

vii. Transparency and Disclosures Compliance

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

Stakeholder group from whom the complaint is received	Grievance redressal mechanism in place (Yes/No)	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Communities	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Others	Yes	Nil	Nil	Nil	Nil	Nil	Nil

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

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, along with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance	Opportunity	Openness and responsibility are core pillars of effective corporate governance at SGL. This dedication strengthens stakeholder confidence and cultivates a business environment rooted in ethics and long-term sustainability.	Not Applicable	Positive
2	Legal Compliance	Risk	The cornerstone of SGL's long-term success is its unwavering compliance with rules. Our robust regulatory intelligence program provides us with a thorough grasp of the shifting legal landscape, enabling us to take a proactive approach to anticipating and managing our future responsibilities.	Achieving zero regulatory non-compliance is a relentless pursuit at Shanthi Gears. We leverage advanced digital online tools to ensure and continuously monitor adherence to all applicable regulations.	Negative
3	Climate Change Strategy	Opportunity	Dependence on alternative, non-fossil energy sources provide a strategic advantage by mitigating the risks associated with fluctuating fossil fuel prices. The adoption of cleaner energy solutions also highlights our commitment to environmental stewardship and aligns us with global efforts to combat climate change.	Not Applicable	Positive
4	Occupational Health & Safety	Risk	A strong commitment to occupational health and safety is a fundamental principle at SGL. It promotes a safe, secure and efficient workplace where employee welfare is seamlessly integrated with high performance and operational effectiveness.	All SGL units are certified for ISO: 45001 system requirements. Top Management is committed to ensure "Zero Incident, safe work culture" through established Safety Health & Environment Policy. This approach is instrumental in ensuring our employee SHE performance. Leveraging the technology, management has introduced Online Digital Platform to ensure real time reporting and monitoring.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Training talent and Skill Development	Opportunity	Ongoing skill enhancement and learning initiatives at SGL equipped employees & workers with the tools to grow and excel, nurturing a culture of continuous improvement. This strategic investment cultivates a resilient and future-ready workforce, essential for long-term success	Not Applicable	Positive
6	Waste Management	Risk	Reducing our ecological footprint is a key focus at SGL. We adopt environmentally responsible waste management practices across all operations and units, with an emphasis on resource efficiency, recovery, and waste reduction.	All SGL units are certified for ISO 14001 system requirements. Waste generated at all of our units are segregated as hazardous and nonhazardous and disposed in appropriate ways, while adhering to the applicable norms and regulations for each type of waste.	Negative
7	Water and Wastewater Management	Risk	Effective & Responsible water resource management is a critical priority for SGL. We employ water-efficient processes and adopt eco-friendly wastewater treatment methods to reduce our environmental footprint.	All SGL units are equipped with wastewater treatment facilities. All our units possess Rainwater Harvesting practices.	Negative
8	Sustainable Supply Chain	Risk	Establishing a sustainable supply chain is a strategic focus for SGL. We engage with eco conscious partners and practice responsible sourcing to reduce our social, environmental and governance impacts.	SGL has engaged in a sustainable supply chain program, which covers capacity building and assessment of ESG practices of our suppliers.	Negative
9	Risk & Crisis Management	Risk	At SGL, we recognize the importance of a comprehensive risk and crisis management framework as a strategic safeguard. By proactively identifying emerging risks, we enhance our ability to mitigate potential disruptions before they evolve into critical challenges	We conduct regular assessments to identify potential threats, by analyzing the probability & severity, and thereby prioritizing the risk for initiating further actions.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10	Community Engagement	Opportunity	Fostering meaningful relationships with local communities is a key focus for SGL. Through targeted social initiatives, we invest in improving quality of life and advancing the long-term, sustainable development of the regions and communities in which we operate.	Not Applicable	Positive
11	Product Stewardship	Risk	SGL places strong emphasis on sustainable product lifecycles. Our design and manufacturing processes prioritize environmental responsibility by incorporating sustainable materials, optimizing resource usage, and planning for effective life cycle management.	We actively collaborate with our suppliers to encourage the adoption of environmentally responsible practices within their operations. This collective effort helps minimize the ecological footprint across the supply chain and supports SGL commitment to product stewardship.	Negative
12	Cyber Security and Data Protection	Risk	High importance on cybersecurity to safeguard vital information assets and operational infrastructure. Comprehensive information security protocols are implemented to ensure adherence to regulatory standards and to reinforce stakeholder trust.	At SGL we ensure confidentiality, integrity and availability of information throughout the process and is asserted by proactively performing penetration testing and vulnerability assessments to detect and strengthen potential weaknesses in our cybersecurity framework and thereby ensuring threats are mitigated.	Negative

Section B: Management and process disclosures

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

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	The following policies of Shanthi Gears are available on the Company's website and can be accessed at https://www.shanthigears.com/policies/ • Policy for Preservation of Documents & Archival • Board Diversity Policy • Code of Conduct to Regulate, Monitor and Report Trading by Insiders in Securities • Dividend Distribution Policy • Business Responsibility Policy • Material Subsidiary Policy • Corporate Social Responsibility (CSR) Policy • Materiality Policy • Policy on Related Party Transactions • Terms and Conditions for Appointment of Independent Directors • Familiarization Programme for Independent Directors • Code of Conduct for Directors and Senior Management • Whistle Blower Policy • Policy on Fair Disclosures • Remuneration Policy								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	Shanthi Gears Limited is certified for the following management systems. ISO9001, ISO 14001, ISO 45001, ISO/TS22163 (IRIS), AS9100D (Aerospace), NADCAP – NDT & Heat Treating, Pressure Equipment Directive (PED)								

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9																								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Shanthi Gears establishes short-term and long-term goals and targets in ESG areas demonstrating our dedication to sustainability, safety and the well-being of our employees. Environment Goals at 2030 • Energy Intensity: 30% reduction in Energy Intensity across all SGL Units • Renewable Energy: 75% of total energy will be from renewable energy • Water Intensity: 50% reduction in Water Intensity across all SGL Units • Waste Intensity: 50% reduction in Waste Intensity across all SGL Units Social Goals at 2030 • Magnify the impact of CSR program: Enhance our CSR program by increasing the employee volunteering hours to 8 hours/Employee/Year • ESG Training man hours (man-hours/employee): 5 Man days per employee per year across all SGL Units • Safety: Achieve and sustain Zero LTIFR • Employee Retention rate year on year: 90% retention rate of employees in Management and Supervisory role • Building an Engaging working place for employees: 85% Achievement of Employee Engagement Score • Creating an opportunity to build equitable workplace that offers diversified workforce: Women in Management and Supervisory role to grow to 20% in SGL Units Governance Goals at 2030 • Integrate Technology for sustained operations: Production Efficiency 70% of improvement • Supply Chain Assessment: Coverage of 80% critical supply chain partners for ESG assessment. Integrate ESG performance of critical supply chain partners in procurement decision-making for Shanthi Gears Limited SGL's ESG initiatives will reduce the organization's impact on environment, cultivate an engaged and inclusive team, this emphasizes the importance of having a workforce that is motivated and represents diverse backgrounds and perspectives.																																
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<table><tr><th>S.No.</th><th>Parameter/Metric</th><th>Target FY 30</th><th>Performance (FY 25-26)</th></tr><tr><td colspan="4">Environmental Goals</td></tr><tr><td>1</td><td>Energy Intensity</td><td>30%</td><td>10% Reduction</td></tr><tr><td>2</td><td>Renewable Energy</td><td>75%</td><td>61% Renewable Energy</td></tr><tr><td>3</td><td>Water Intensity</td><td>50%</td><td>13% Reduction</td></tr><tr><td>4</td><td>Waste Intensity</td><td>50%</td><td>12% Reduction</td></tr></table>									S.No.	Parameter/Metric	Target FY 30	Performance (FY 25-26)	Environmental Goals				1	Energy Intensity	30%	10% Reduction	2	Renewable Energy	75%	61% Renewable Energy	3	Water Intensity	50%	13% Reduction	4	Waste Intensity	50%	12% Reduction
S.No.	Parameter/Metric	Target FY 30	Performance (FY 25-26)																															
Environmental Goals																																		
1	Energy Intensity	30%	10% Reduction																															
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3	Water Intensity	50%	13% Reduction																															
4	Waste Intensity	50%	12% Reduction																															

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	S.No.	Parameter/Metric			Target FY 30		Performance (FY 25-26)		
		Social Goals								
		5	Magnify impact of CSR Program (Employee volunteering hours)			8 Hours/Per employee/Year		<2 Hours/Year		
		6	ESG Training Hours			5 Man Days/Per Employee/Year		3 Man Days/Per Employee/Year		
		7	Safety			0 LTIFR		0.35 LTIFR		
		8	Employee Retention Rate			90%		83%		
		9	Employee Engagement Score			85%		77%		
		10	Diversified Workforce			20%		6%		
		Governance Goals								
		11	Production Efficiency			70%		61%		
		12	Supply Chain ESG			80%		<20%		
		Governance, Leadership, and Oversight								
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	At SGL, our strategic choices and operational priorities are guided by our core values of Integrity, Passion, Quality, Respect, and Responsibility, which serve as the foundation of our corporate culture. We place strong emphasis on Environmental, Social, and Governance (ESG) principles, recognizing them as integral to long-term sustainability, business continuity, and value creation for stakeholders. SGL acknowledges the interconnected nature of environmental stewardship, social responsibility, and sound governance, and remains committed to creating positive outcomes for all stakeholders, including employees, customers, investors, and communities. SGL recognizes climate change as a material business consideration and actively works to identify, address, and mitigate environmental and social risks across its end-to-end value chain. Our approach includes accelerating the adoption of renewable energy, closely tracking and reducing greenhouse gas emissions, and strengthening responsible procurement practices through structured ESG evaluations of suppliers. In parallel, we continue to implement initiatives aimed at minimizing waste and improving efficiency in the use of natural resources across our operations. Beyond operational initiatives, SGL supports the broader transition to a low-carbon economy through sustained investments in research and development, with a particular focus on automation and renewable energy-related technologies. Our ESG framework is reinforced by periodic assessments to ensure adherence to applicable legal and regulatory requirements, along with the timely submission of all mandated disclosures and filings. Through this holistic and future-oriented approach, SGL seeks to balance economic performance with environmental protection and social progress, while fostering resilience and delivering enduring value to stakeholders.								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Name: Mr. M Karunakaran Designation: CEO & Whole-time Director DIN Number: 09004843 Contact Details: Telephone Number: 0422-4545745 Email id: karunakaranm@shanthigears.murugappa.com								

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, the board of directors are responsible for decision making on sustainability related issues.								

10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether the review was undertaken by the Director/the Committee of the Board/ Any other Committee									Frequency (Annually/Half yearly/Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against the above policies and follow-up action	Board Committee									Quarterly								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Board Committee									Quarterly								
11. Has the entity carried out an independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency										P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
										Yes, as Necessary.								

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

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

Section C: Principle Wise Performance Disclosure

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

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

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentages of persons in respective category covered by the awareness programmes
Board of Directors (BoD)	9	Business Management, Corporate Governance, Risk Management, Technology & ESG	100%
Key Managerial Personnel (KMPs)	3	Business Management, Corporate Governance, Risk Management, Technology & ESG	100%
Employees other than BoD and KMPs	132	Occupational Health & Safety, Conservation of Energy, Water and Waste Reduction, ESG, Human Rights, POSH, Technical Trainings	95%
Workers	63	Occupational Health & Safety, Usage of PPE, Conservation of Energy, Water and Waste Reduction, ESG, activity based SOP's, Human Rights and POSH.	87%

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website)

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

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

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

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

Shanthi Gears Limited upholds a robust governance framework that is firmly grounded in ethical conduct, accountability, and transparency. The Company places paramount importance on compliance with legal and ethical standards, a principle that is consistently reinforced across the Board of Directors, senior leadership, and the wider workforce. SGL actively promotes a culture that encourages stakeholders to act responsibly and ethically, thereby strengthening trust and reinforcing a positive corporate reputation.

The Company has established a comprehensive Code of Conduct that governs the professional behaviour of Directors, senior management—including executives at the General Manager level and above—and individuals reporting directly to the Chief Executive Officer and Company Secretary. The Code emphasizes decision-making in the best interests of the Company while maintaining a balanced consideration of stakeholder responsibilities, which is vital for long-term value creation.

In engaging with value chain partners, SGL prioritizes associations with organizations that demonstrate a commitment to ethical business practices. To embed these principles across the organization, the Company has implemented a structured compliance approach that includes regular training and awareness programs for employees, supported by continuous communication through multiple engagement platforms to ensure stakeholders remain informed and aligned with the Company's values.

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

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

Category	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

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

Topic	FY 2026 Current Financial Year		FY 2025 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

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

Nil

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

Category	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Number of days of accounts payables	79	60

9. Open-ness of business

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

Parameter	Metrics	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	18%	16%
	b. Number of dealers/distributors to whom sales are made	35	45
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributor	64%	60%
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	3%	3%
	b. Sales (Sales to related parties/Total Sales)	1%	2%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	NA	NA
	d. Investments (Investments in related parties/Total Investments made)	NA	NA

Leadership Indicators

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

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

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

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

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

Essential Indicators

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

	FY 2026 Current Financial Year	FY 2025 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	1%	0%	Investment focused on improving energy efficiency and enhancing product quality
Capex	₹3.71 Crores (6%)	₹4.33 Crores (21%)	Modernization of facilities and energy-efficient equipment

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

b. If yes, what percentage of inputs were sourced sustainably? 70%

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

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

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

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

Shanthi Gears is in the process of formulating Standard Operating Procedures (SOPs) for the recycling of plastic waste across its operations. These SOPs will be rolled out following the successful completion of the Company’s Extended Producer Responsibility (EPR) registration.

Leadership Indicators

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

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

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

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

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

Indicate input material	Recycled or re-used input material to total material	
	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
	Not Applicable	Not Applicable

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

	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable			Not Applicable		
E-waste						
Hazardous waste						
Other waste						

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

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

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

Essential Indicators

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

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	240	240	100%	240	100%	0	0%	240	100%	0	0%
Female	23	23	100%	23	100%	23	100%	0	0%	0	0%
Total	263	263	100%	263	100%	23	9%	240	91%	0	0%
Other than Permanent employees											
Male	121	0	0%	121	100%	0	0%	121	100%	0	0%
Female	12	0	0%	12	100%	12	100%	0	0%	0	0%
Total	133	0	0%	133	100%	12	9%	121	91%	0	0%

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

Category	% of workers covered by										
	Total (A)	Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent workers											
Male	213	0	0%	213	100%	0	0%	213	100%	0	0%
Female	3	0	0%	3	100%	3	100%	0	0%	0	0%
Total	216	0	0%	216	100%	3	1%	213	99%	0	0%
Other than Permanent workers											
Male	766	0	0%	766	100%	0	0%	0	0%	0	0%
Female	57	0	0%	57	100%	0	0%	0	0%	0	0%
Total	823	0	0%	823	100%	0	0%	0	0%	0	0%

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

	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Cost incurred on wellbeing measures as a % of total revenue of the company	15%	13%

2. Details of retirement benefits.

Benefits	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers Covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Other (Bonus)	100%	100%	Yes	100%	100%	Yes

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

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

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

Shanthi Gears Limited is committed to promoting equal opportunity for all. The company has implemented a company-wide policy across all its facilities that complies with the Rights of Persons with Disabilities Act of 2016.

This policy is readily available to all employees on the company's internal portal, demonstrating the organization's dedication to fostering an inclusive work environment.

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

	Permanent employees		Permanent Workers	
Gender	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil
Total	100%	Nil	Nil	Nil

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

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

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

Category	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or union (D)	% (D/C)
Total Permanent Employees	263	0	0%	0	0	0%
Male	240	0	0%	0	0	0%
Female	23	0	0%	0	0	0%
Total Permanent Workers	216	149	69%	237	158	66%
Male	213	146	69%	233	154	66%
Female	3	3	100%	4	4	100%

8. Details of training given to employees and workers.

Category	FY 2026 Current Financial Year					FY 2025 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	240	240	100%	240	100%	245	245	100%	245	100%
Female	23	23	100%	23	100%	21	21	100%	21	100%
Total	263	263	100%	263	100%	266	266	100%	266	100%
Permanent Workers										
Male	213	213	100%	213	100%	233	233	100%	170	73%
Female	3	3	100%	3	100%	4	4	100%	4	100%
Total	216	216	100%	216	100%	237	237	100%	174	73%

9. Details of performance and career development reviews of employees and workers.

Category	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	240	183	76.25%	245	176	72%
Female	23	16	69.57%	21	16	76%
Total	263	199	75.67%	266	192	72%
Permanent Workers						
Male	213	158	74.18%	233	190	82%
Female	3	2	66.67%	4	2	50%
Total	216	160	74.07%	237	192	81%

10. Health and safety management system.

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

Yes, Shanthi Gears Limited has implemented a robust Occupational Health and Safety Management System across all its manufacturing units. The Company's entire operational footprint is covered under its Environmental and Occupational Health and Safety (EOHS) framework, which is certified to ISO 45001 for occupational health and safety and ISO 14001 for environmental management. This integrated approach reflects SGL's strong commitment to ensuring a safe workplace and promoting environmentally responsible operations.

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

Shanthi Gears adopts a systematic and proactive methodology to identify, evaluate, and manage workplace hazards across its operations. The Company’s approach is anchored in the following key processes:

1. Hazard Identification and Risk Assessment (HIRA)

Regular HIRA exercises are carried out for both routine and non-routine activities. Based on these assessments, appropriate risk-reduction measures are implemented to eliminate or mitigate hazards. Critical operational areas are assessed at defined frequencies—weekly, monthly, quarterly, and annually—to ensure continuous risk oversight.

2. Multi-Tier Safety Audits

Internal leadership teams conduct safety audits across all units to verify compliance and identify improvement areas. In addition, annual audits by external specialists are undertaken to benchmark practices against industry standards and regulatory requirements.

3. Workplace Inspections and Safety Walk-Throughs

Plant teams and safety professionals conduct safety walks and workplace inspections to proactively identify and correct unsafe acts or conditions. Preventive maintenance checklists and daily autonomous machine checks support the reliability and safe functioning of essential equipment, including sensors and limit switches.

4. Employee Participation and SHE Committee Engagement

Safety, Health, and Environment (SHE) Committee meetings are held with active participation from employees, management, and contractors. These forums encourage open discussions on hazards, near-miss events, and potential risk-mitigation strategies.

5. Work Permit System

A stringent work permit process ensures that hazardous or non-routine tasks are undertaken only with proper authorization and adherence to established safety protocols.

6. Digital Safety Systems

SGL has introduced digital platforms for reporting unsafe acts and conditions, as well as an online work permit system through an EHS application. These digital tools support real-time hazard identification, tracking, and closure, thereby strengthening proactive risk management and improving compliance.

Through this integrated framework, Shanthi Gears Limited maintains a safe, compliant, and continuously improving work environment, demonstrating its strong commitment to employee safety, well-being, and operational excellence.

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

Yes

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

Yes, Shanthi Gears Limited (SGL) ensures that employees have access to appropriate non-occupational medical and healthcare support. The Company’s occupational health centers provide care for minor ailments and non-work-related injuries, supported by a factory medical officer and trained first-aid personnel. For conditions requiring more advanced treatment, employees are referred to hospitals and are covered under the Company’s medical insurance scheme. Additionally, SGL promotes overall employee well-being through periodic health screenings and awareness programmes. These initiatives underline the Company’s commitment to offering comprehensive healthcare support and fostering a healthy, productive workforce.

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

Safety Incident/ Number	Category	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.35	0
Total recordable work-related injuries	Employees	0	0
	Workers	1	0
No. of fatalities	Employees	0	0
	Workers	1	0
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	0

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

Shanthi Gears Limited (SGL) is committed to providing a safe and healthy work environment and places strong emphasis on safeguarding the well-being of employees, contractors, and all stakeholders. The Company follows a comprehensive and structured Occupational Health and Safety (OHS) approach, grounded in strong leadership oversight, active employee involvement, and a focus on continual improvement.

- **Leadership Commitment:** Senior management plays an active and visible role in reviewing the effectiveness of safety management systems, ensuring alignment with regulatory requirements and organizational objectives.
- **Structured Safety Management:** A robust framework of safety protocols governs all operational activities. This includes regular safety inspections, systematic hazard and risk assessments, and targeted training programmes tailored for various employee groups.
- **Safety-First & 5S Awareness:** SGL promotes a safety-first mindset and 5S culture through ongoing communication campaigns, structured training, and recognition programmes that encourage accountability and ownership of safe and orderly workplace practices.
- **Proactive Risk Reporting:** Employees are encouraged to report unsafe conditions, near-miss events, or potential hazards through established channels, enabling timely corrective and preventive actions.
- **Preventive Maintenance:** All machinery, equipment, and infrastructure undergo planned preventive maintenance and routine safety checks to ensure proper functioning and minimize operational risks.
- **Emergency Preparedness:** Comprehensive emergency response procedures—including fire safety, spill response, and medical emergency protocols—are in place. Regular drills and simulation exercises enhance preparedness and coordination during emergencies.
- **Continuous Monitoring:** Safety patrols, workplace walkthroughs, and toolbox talks are conducted regularly to identify risks in real time and reinforce safe work practices.
- **Independent Assessments:** Periodic internal and external audits are carried out to assess compliance, identify improvement opportunities, and support the ongoing enhancement of safety systems.
- **Emergency Response Capability:** Routine fire drills and mock evacuation exercises are conducted to ensure employee readiness and effective response during critical situations.

Through this integrated and disciplined approach, SGL reinforces its commitment to maintaining a safe, healthy, and compliant work environment for all.

	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	1920	283	SGL actively encourages employees and workers to promptly report any unsafe actions, unsafe conditions, or near-miss events to support proactive risk management.	2450	None	SGL's encourages employees & workers to proactively report unsafe act & conditions and near misses.
Health and safety						

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

- **Enhanced Material Handling Safety:** Wooden pallets used in industrial-grade racks were replaced with metal plates to reduce wood usage and improve overall rack stability.
- **Improved Machine Safety:** A reinforced machine platform with integrated secondary containment was installed to enhance operational stability and prevent spillages during handling activities.
- **Process Hazard Analysis:** A detailed HAZOP study was completed in the Heat Treatment facility to identify and mitigate process-related risks effectively.
- **Ergonomic Improvements:** Customized fixtures were introduced in the Foundry Division to safely secure cylindrical and circular components during cleaning and fettling tasks.
- **Guarding of Equipment:** Tailor-made safety guards were installed on conventional machines to improve operator safety without affecting productivity.
- **Environmental Safeguards:** Secondary containment systems were added to conventional machines and chemical storage zones to prevent soil contamination in the event of leaks or spills.
- **Electrical Risk Reduction:** Double earthing was implemented for all machines and furnaces to minimize electrical hazards.
- **Specialized Tools:** Non-sparking tools were introduced for handling flammable barrels to reduce ignition risks.
- **Fire Safety Enhancements:** Fire alarm systems equipped with heat detectors, manual call points, hooters, and strobe lights were installed in high-risk operational zones.
- **Behaviour-Based Safety Reinforcement:** GOBO projector systems were deployed in critical areas such as Heat Treatment and Foundry to promote PPE compliance and reinforce safety messaging.

- Collectively, these initiatives highlight SGL's proactive approach to hazard control, emergency preparedness, and continuous enhancement of safety standards across the organization.

a. Yes **b. Yes**

Not Applicable.

Category	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2026 Current Financial Year	FY 2025 Previous Financial Year	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Employees	Nil	Nil	Nil	Nil
Workers	1	Nil	Nil	Nil

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

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	100%
Working conditions	100%

Nil

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

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

Internal and external group of stakeholders have been identified. Presently the given stakeholder groups have the immediate impact on the operations and working of the company. This includes Employees, Shareholders & Investors, Customers, Communities and Vendors.

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Digital platforms and social media, Retail outlets and Customer satisfaction survey	Regular	Excellence in Quality and Service: Adherence to high quality standards ensures reliable and consistent product and service performance Customer Satisfaction Focus: Continuous improvement driven by timely delivery, responsive support, and proactive feedback management
Local communities	No	Corporate social responsibility initiatives	Regular	- Commitment to environmental sustainability - Rural development initiatives - Enhanced access to healthcare and education
NGO partners	No	Corporate social responsibility initiatives	Regular	- Commitment to environmental sustainability - Rural development initiatives
Investors	No	Investor calls/presentations, press releases and publications, Statutory reports, Annual General Meeting, Stock Exchange announcements	Regular	- Earnings and fiscal outcomes - Operational developments and milestones - Expansion strategies and innovation roadmap - Environmental, social, and governance (ESG) performances
Regulators	No	Mandatory compliance reports; regular factory visits	Regular	Statutory compliance requirements, governance, social, environmental
Employees	No	Internal communication platform, Digital learning platforms, Career progression programs, Engagement initiatives, Talent Management Engine	Regular	- Performance-driven culture - Workforce growth & talent retention - Strategic and sustainable goal alignment - Skill development initiatives - Collaborative & Positive employee relations - Health, safety & secure workplace
Suppliers	No	Supplier engagements – visits & meetings	Regular	- Capacity Building on ESG - Sustainable Practices in Procurement - Quality conscious products & services

Leadership Indicators

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

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

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

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

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

Shanthi Gears Limited, a valued member of the esteemed Murugappa Group, carries forward a longstanding commitment to corporate social responsibility (CSR), with a strong emphasis on supporting marginalized, disadvantaged, and vulnerable segments of society where we operate. The company embraces a participatory approach, working closely with community stakeholders to understand and address their critical needs. Its CSR initiatives are strategically aligned with key areas, particularly environmental sustainability, rural development and healthcare, to drive long-term social transformation. Underscoring its commitment to inclusive development, SGL allocates a defined share of its profits toward CSR programs. In the current financial year, the company executed several impactful projects, including:

- Environmental Sustainability:**
 - 34,000 Saplings planting combined with land cleaning, fencing, drip irrigation and EB room - Karamadai, Coimbatore;
 - Maintenance and upkeep of the 10,000 plants - Arasur, Coimbatore;
 - 2,000 Sapling planting combined with drip irrigation and EB room - K Krishnapuram Panchayat, Palladam, Tirupur.
- Rural Development:**
 - Road expansion from Pollachi Road to Mathampalayam Village ad-measuring (1.2 km) Palladam, Tirupur;
 - CCTV installation in highway junction near Kamanaickenpalayam Police Station, Palladam, Tirupur;
 - LED Street Lights to Muthugoundenpudur Panchayat, Coimbatore.
- Healthcare:** X-Ray Machine for Somanur Primary Health Centre, Karumathampatti, Coimbatore.
- Education:** Construction of two class rooms for PUM School, Kaduvettipalayam Village, Coimbatore.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

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

Category	FY 2026			FY 2025		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	263	247	94%	266	266	100%
Other than permanent	133	98	74%	114	76	67%
Total employees	396	345	87%	380	342	90%
Workers						
Permanent	216	205	95%	237	186	78%
Other than permanent	823	675	82%	834	450	54%
Total workers	1039	880	85%	1071	636	59%

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

Category	FY 2026 Current Financial Year					FY 2025 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	263	0	0%	263	100%	266	0	0%	266	100%
Male	240	0	0%	240	100%	245	0	0%	245	100%
Female	23	0	0%	23	100%	21	0	0%	21	100%
Other than Permanent	133	0	0%	133	100%	114	0	0%	114	100%
Male	121	0	0%	121	100%	108	0	0%	108	100%
Female	12	0	0%	12	100%	6	0	0%	6	100%
Workers										
Permanent	216	0	0%	216	100%	227	0	0%	227	100%
Male	213	0	0%	213	100%	223	0	0%	223	100%
Female	3	0	0%	3	100%	4	0	0%	4	100%
Other than Permanent	823	0	0%	823	100%	834	0	0%	834	100%
Male	766	0	0%	766	100%	797	0	0%	797	100%
Female	57	0	0%	57	100%	37*	0	0%	37	100%

*The decline is attributable to the outsourcing of the canteen operations.

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

a. Median remuneration/wages.

	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BoD)	7	7,40,000	2	3,90,000
Key Managerial Personnel	3	55,57,255	0	Nil
Employees other than BoD and KMP	313	8,67,305	27	8,64,130
Workers	233	7,31,620	4	7,30,117

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

	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Gross wages paid to females as % of total wages	6%	5.4%

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

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

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

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

In addition to its customer-centric focus, SGL actively addresses human rights issues. The company's comprehensive POSH (Prevention of Sexual Harassment) policy provides a robust framework for handling any complaints related to workplace harassment, demonstrating its commitment to upholding the rights and dignity of its employees and workers. SGL's 'Whistle-blower Policy' and Code of Conduct set forth clear procedures for establishing and operating investigative committees. These measures uphold principles of transparency, ethical responsibility, and accountability in managing all reported matters.

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

	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	Filed during the year	Pending Resolution at the end of year	Remarks	Filed during the year	Pending Resolution at the end of year	Remarks
Sexual Harassment	0	0	Nil	0	0	Nil
Discrimination at workplace	0	0	Nil	0	0	Nil
Child Labour	0	0	Nil	0	0	Nil
Forced Labour/ Involuntary Labour	0	0	Nil	0	0	Nil
Wages	0	0	Nil	0	0	Nil
Other human rights related issues	0	0	Nil	0	0	Nil

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

	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/workers	0%	0%
Complaints on POSH upheld	0	0

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

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

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

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

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

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

10. Assessments of the year.

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

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

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

Leadership Indicators

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

Not Applicable

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

Not Applicable

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

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

To achieve this, SGL has implemented several key measures:

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

4. Details on assessment of value chain partners.

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

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

Not Applicable

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

Essential Indicators

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

Parameter	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
From renewable sources		
Total electricity consumption (A)	38,486 GJ	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	33,094 GJ (Wind) 295 GJ (Solar)
Total energy consumed from renewable sources (A+B+C)	38,486 GJ	33,389 GJ
From non-renewable sources		
Total electricity consumption (D)	28,070 GJ	41,019 GJ
Total fuel consumption (E)	6,545 GJ	6,498 GJ
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	34,615 GJ	47,517 GJ
Total energy consumed (A+B+C+D+E+F)	73,101 GJ	80,906 GJ
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	0.0000141	0.0000134
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	0.0002865	0.0000028
Energy intensity in terms of physical output (FTE)	153	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

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

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

Not Applicable

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

Parameter	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	25,281	28,765
(iii) Third party water (Municipal water supplies)	14,216	13,986
(iv) Seawater/desalinated water	0	0
(v) Others (Rainwater storage)	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	39,497	42,751
Total volume of water consumption (in kiloliters)	39,497	42,751
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)	0.0000076	0.0000071
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)	0.00015	0.00014
Water intensity in terms of physical output	82	86
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

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

4. Provide the following details related to water discharged.

Parameter	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties	Nil	Nil
- No treatment (Water sent for treatment to Central Effluent Treatment Plant) *	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
- No treatment	Nil	Nil
- With treatment – Tertiary treatment	Nil	Nil
Total water discharged (in kiloliters)	Nil	Nil

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

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

Water consumption at Shanthi Gears is planned and managed efficiently to ensure optimal utilization, with process water being treated in accordance with applicable regulatory requirements. The Company demonstrates its commitment to environmental sustainability through the operation of sewage treatment facilities, where treated water is reutilized for gardening purposes. This approach supports resource conservation and helps mitigate environmental impact. Additionally, Shanthi Gears has obtained all requisite approvals from the State Pollution Control Board, ensuring that its operations and water usage comply fully with statutory regulations.

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

Parameter	Please specify unit	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
NOx	mg/m3	14.65	15.25
SOx	mg/m3	7.48	7.97
Particulate matter (PM2.5)	-	-	-
Particulate matter (PM10)	mg/m3	40.78	43.33
Persistent organic pollutants (POP)	-	NA	NA
Volatile organic compounds (VOC)	-	<0.1	<0.1
Hazardous air pollutants (HAP)	-	NA	NA
Others – Please Specify	-	NA	NA

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

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

Parameter	Unit	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	<i>Metric tons of CO₂ equivalent</i>	391	473
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	<i>Metric tons of CO₂ equivalent</i>	5,536	8,148
Total Scope 1 and Scope 2 emissions	<i>Metric tons of CO₂ equivalent</i>	5,927	8,761
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	<i>Metric tons of CO₂ equivalent/turnover in crores</i>	0.000001142	0.0000014
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)	-	0.000023228	0.000029
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	12	16
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

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

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

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

Parameter	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Total Waste generated (in metric tons)		
Plastic waste (A)	7.36	22.07
E-waste (B)	0	1.02
Bio-medical waste (C)	0.03	0.05
Construction and demolition waste (D)	0	0
Battery waste (E)	1.07	1.85
Radioactive waste (F)	0	0
Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand+ Filter bags etc. (G)	349.80	230.27
Other Non-hazardous waste generated (H) . MS Scrap + Aluminum scrap (Break-up by composition i.e., by materials relevant to the sector)	5343.21	5269.15
Total (A+B + C + D + E + F + G + H)	5701.47	5524.41
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.00000110	0.00000091
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	0.000022	0.000018
Waste intensity in terms of physical output	0.00000004	0.00000004
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste		
(i) Recycled	5386.90	5308.85
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	5386.90	5308.85
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste*		
(i) Incineration	0.03	0.04
(ii) Landfilling	0	0
(iii) Other disposal operations	314.55	215.50
Total	314.58	215.54

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

Shanthi Gears actively works to reduce waste generation through the implementation of a comprehensive **3R approach—Reduce, Reuse, and Recycle—across all its operations**. This effort is supported by a well established environmental management system (EMS) that defines clear operational controls for waste handling, segregation, storage, and environmentally responsible disposal.

Employees are regularly trained to identify and distinguish between biodegradable, non biodegradable, and hazardous waste streams, ensuring effective segregation and safe movement of waste to designated storage areas without risk of spillage or contamination.

The Company partners with authorized waste management service providers to promote responsible disposal practices, including recycling and co processing wherever feasible. For hazardous waste, Shanthi Gears obtains all necessary approvals from the State Pollution Control Boards to ensure that handling and disposal are carried out in a safe and fully compliant manner.

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

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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None of Shanthi Gear's plants and offices are situated in ecologically sensitive areas, hence the same is not applicable.

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

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
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No new projects were undertaken or implemented during the current financial year hence the same is not applicable.

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

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

Leadership Indicators

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

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

i. **Name of the area:** Nil

ii. **Nature of operations:** Nil

iii. **Water withdrawal, consumption, and discharge in the following format:** Nil

Parameter	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed/turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)*		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

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

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

Parameter	Unit	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	-	-
Total Scope 3 emissions per Crore of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

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

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

Not Applicable.

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

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Renewable energy	In addition to the captive power generation from 6.7 MW wind mill and 190-kWh rooftop solar, the company purchased renewable power from third party.	As part of its commitment to sustainable energy practices, Shanthi Gears Limited increased its share of renewable energy in its overall energy mix. Currently, 61% (53% from captive and 8% from third party) of company's total energy is consumed from renewable energy. Further expansion of rooftop solar capacity is planned in the next financial year, reinforcing the company's focus on transitioning to cleaner and more sustainable energy solutions.

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
2.	Energy efficiency	Installation of LED street lighting has been undertaken, along with the continued adoption of daylight saving measures across the majority of shop floor areas. In addition, periodic internal energy audits are conducted to identify and enhance energy efficiency opportunities.	To improve energy efficiency, energy efficient LED street lighting has been installed across the C & D Units. These LED fixtures provide enhanced illumination, longer operational life, and reduced power consumption, resulting in cost efficiencies as well as improved lighting conditions across the facility. In addition, daylight conservation practices are actively implemented. Natural light is leveraged by minimizing the use of artificial lighting in adequately illuminated areas, while certain work schedules are aligned with daylight availability. Employees are also sensitized to switch off lights when not in use, fostering an energy efficient and mindful workplace environment. As a result of these sustained initiatives and continuous improvements in operational efficiency, the Company has achieved a 7% reduction in energy intensity compared to the previous financial year, reflecting the effectiveness of its energy conservation measures.
3.	Water efficiency	Shanthi Gears continues to undertake targeted initiatives aimed at promoting efficient water management and strengthening sustainability practices across its operations.	To reduce freshwater consumption in the canteen, Shanthi Gears has implemented a series of operational and process level improvements. These measures include the installation of low flow taps, optimization of water usage during dishwashing activities, reuse of rinse water, and employee training on water efficient practices. Collectively, these initiatives have resulted in a measurable reduction in daily water consumption while maintaining hygiene standards and operational efficiency. Treated wastewater from the in house Sewage Treatment Plant (STP) is reused for gardening and landscaping purposes. This practice supports freshwater conservation and ensures environmentally responsible management of treated effluent. The quality of treated water is monitored regularly to confirm its suitability for horticultural applications. In addition, rainwater harvesting infrastructure has been expanded, with connection lines installed in Unit C following the successful implementation in Unit D. Rainwater collected from rooftop catchments is utilized for cooling towers, gardening, and fire water storage, thereby reducing reliance on municipal and bore well water sources while contributing to groundwater recharge.

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
4.	Waste Management	Shanthi Gears continues to undertake targeted actions aimed at reducing waste generation and improving resource efficiency across its operations.	Damaged wooden pallets are refurbished and reused for internal material handling activities, thereby reducing wood waste. As part of a phased transition, wooden waste bins have been replaced with modified metal bins, significantly lowering the use of disposable wooden materials. In addition, an oil reconditioning unit has been commissioned, enabling the reuse of industrial oil and resulting in a substantial reduction in hazardous waste generation. The Company has also begun diverting a portion of waste foundry sand to authorized recyclers, minimizing landfill disposal and supporting sustainable waste management practices. Collectively, these initiatives reflect Shanthi Gears' commitment to circular waste management and have contributed to an overall 17% reduction in total waste generation compared to the previous financial year.

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

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

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

Not Applicable.

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

As part of its commitment to sustainability across the value chain, Shanthi Gears Limited (SGL) has initiated supplier training programs and is in the process of developing structured assessment parameters to evaluate the environmental and social practices of its suppliers. The Company has also begun categorizing suppliers based on a criticality matrix, enabling prioritized assessments and focused engagement with key value chain partners.

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

Essential Indicators

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

Shanthi Gears Limited is a part of 5 associations.

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

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	Confederation of Indian Industry	National
2	Madras Management Association (MMA)	National
3	The Employers' Federation of Southern India	National
4	Indian Wind Power Association	National
5	The Institute of Indian Foundry men	National

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

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

Leadership Indicators

1. Details of public policy positions advocated by the entity.

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web Link, if available
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The company does not have separate advocacy policy in place. The company collaborates with Industry associations to advocate public policy.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

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

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

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

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

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

Not Applicable

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

Parameter	FY 2026 Current Calendar Year	FY 2025 Previous Calendar Year
Directly sourced from MSMEs/small producers	48%	41%
Directly from within India	28%	29%

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

Location	FY 2026 Current Calendar Year	FY 2025 Previous Calendar Year
Rural	0%	0%
Semi-urban	20%	27%
Urban	0%	0%
Metropolitan	80%	73%

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

Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
Not Applicable	

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

State	Aspirational District	Amount Spent (in ₹)
Tamil Nadu, India	Coimbatore	2.19 Crores

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

No

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

Not Applicable

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

Not Applicable

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

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

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

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

6. Details of beneficiaries of CSR Projects.

S. No.	CSR Projects	No. of persons benefited from CSR Projects 2025-26 (Approx.)	% of beneficiaries from vulnerable and marginalized groups
1	Education: Construction of two class rooms - PUM School, Kaduvettipalayam Village, Coimbatore.	80	100%
2	Health Care: X-Ray Machine - Somanur Primary Health Centre, Karumathampatti, Coimbatore.	360	100%
3	Rural Development: Road expansion from Pollachi Road to Mathampalayam Village ad-measuring (1.2 km) Palladam, Tirupur.	600	100%
4	Environmental Sustainability: Maintenance and upkeep of the 10,000 plants, Arasur, Coimbatore.	2,000	100%
5	Environmental Sustainability: 34,000 Saplings planting combined with land cleaning, fencing, drip irrigation and EB room - Karamadai, Coimbatore.	1,500	100%
6	Environmental Sustainability: 2,000 Sapling planting combined with drip irrigation and EB room - K Krishnapuram Panchayat, Palladam, Tirupur.	600	100%
7	Rural Development: CCTV installation in highway junction near Kamanaickenpalayam Police Station, Palladam, Tirupur.	600	100%
8	Rural Development: LED Street Lights - Muthugoundenpudur Panchayat, Coimbatore.	800	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customer complaints received by Shanthi Gears' marketing team are promptly forwarded to the Quality Department through the company's online portal. Upon receipt, the complaint is systematically disseminated to all concerned stakeholders to facilitate a coordinated response to the customer within seven days.

The time required to resolve complaints varies based on their complexity and severity. On average, Shanthi Gears takes approximately 29 days to thoroughly investigate, address, and close a customer complaint.

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

Parameter	As a percentage to total turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	100%
Recycling and/or safe disposal	Nil

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

	FY 2026 (Current Calendar Year)		Remarks	FY 2025 (Current Calendar Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	112	0	100% of the complaints have been resolved

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

	Number	Reasons for recall
Voluntary recalls	Nil	
Forced recalls	Nil	

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

Yes, the policy is maintained as an internal document and is accessible only to employees of the Company.

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

Nil

7. Provide the following information relating to data breaches.

- Number of instances of data breaches - Nil
- Percentage of data breaches involving personally identifiable information of customers - Nil
- Impact, if any, of the data breaches - Nil

Leadership Indicators

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

Gears & Gear boxes - <https://www.shanthigears.com/product-category/standard/>

Foundry - <https://www.shanthigears.com/foundry/>

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

Shanthi Gears remains steadfast in its commitment to delivering authentic, high quality products that consistently meet the exacting requirements of its customers. To ensure this, rigorous quality checks are conducted at every stage of the manufacturing process, ensuring adherence to applicable industry standards.

The Company has established well defined Standard Operating Procedures (SOPs) to drive continuous improvement and proactively identify and address potential process deviations. Additionally, Shanthi Gears ensures full compliance with the provisions of the Legal Metrology Act by clearly and accurately labeling products with all mandatory information, thereby supporting safe, transparent, and responsible use by customers.

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

Not Applicable

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

Shanthi Gears ensures strict adherence to all applicable Indian legal requirements, including the provisions of the Legal Metrology Act, by providing clear and comprehensive product labelling. In addition to meeting statutory obligations, the Company extends its efforts by including supplementary information that enables customers to better understand, use, and maintain the products, thereby enhancing user awareness and product experience.

Corporate Governance Report



ANNEXURE - H TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

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

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

Board of Directors

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

The Board consists of eight members, as on the date of this Report, with knowledge and experience in different fields. Mr. M A M Arunachalam, Chairman (Promoter, Non-Executive), Mr. Mukesh Ahuja, Director (Non-Executive) and Mr. Arun Venkatachalam, Director (Non-Executive) are Non-Independent Directors in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Mukesh Ahuja retires by rotation placed for the shareholders approval in

the 53rd Annual General Meeting. Mr. M Karunakaran is the CEO cum Whole-time Director (Executive) of the Company.

Mr. L Ramkumar, Dr. S K Sundararaman, Mr. A Venkataramani and Ms. Aruna Thangaraj (appointed w.e.f. 30th July 2025) are the Independent Directors of the Company in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Ms. Soundara Kumar, Independent Director retired w.e.f. 30th July 2025. None of the said Directors are related to each other. In the Board's opinion, all the Independent Directors of the Company fulfill the conditions specified in the SEBI Listing Regulations and under the Companies Act, 2013, and are independent of the management.

Members had approved the appointment of Mr. L Ramkumar, Ms. Soundara Kumar, Dr. S K Sundararaman, Mr. A Venkataramani and Ms. Aruna Thangaraj as Independent Directors for such terms as mentioned under the respective resolutions relating to their appointment in Notice of the Annual General Meetings. The Company had issued letter of appointment to the said Independent Director as required under Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have also been disclosed on the Company's website <https://www.shanthigears.com/wp-content/uploads/2025/04/Terms-and-Conditions-of-appointment-of-Independent-Directors-1.pdf>

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

A certificate from Practicing Company Secretary as required under Listing Regulations confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company by SEBI/Ministry of Corporate Affairs or any such Statutory Authority is enclosed as **Annexure - B** to this Report.

On their appointment, Independent Directors are familiarized about the Company's operations and businesses. As part of the familiarization programme, a handbook is provided to all Directors including Independent Directors at the time of appointment.

The hand book provides a snapshot to the Directors of their duties and responsibilities, rights, appointment process and evaluation, compensation, Board Procedure and stakeholders' expectations. The handbook also provides the Directors with insight into the Group's practice.

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

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

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

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

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

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

There were five meetings of the Board during the financial year 2025-26. The dates of the Board meetings, attendance and the number of Directorships/ Committee memberships held by the Directors as on 31st March 2026 are given in **Table 1** of the **Annexure - A** to this Report.

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

Audit Committee

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

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

The quarterly financial results are placed before the Audit Committee for its review, suggestions and recommendations, before taking the same to the Board. The Statutory audit plans and progress are shared with the Committee for its review. The Internal Audit plans are drawn up in consultation with Chief Executive Officer, 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 Company Secretary acts as the Secretary to the Committee. The statutory and internal auditors attend the audit committee meetings. The Committee also tracks the implementations of its guidelines/ suggestions through review of action taken reports. The terms of reference of Audit Committee are in line with the enhanced scope for the Committees as laid down under Section 177 of the Companies Act, 2013 and Corporate Governance norms under Schedule II Part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee met four times during the year ended 31st March 2026. The Composition of the Audit Committee and the attendance of each member at these meetings are given in **Table 2** of the **Annexure - A** to this Report.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee in accordance with the requirement of Section 178 of the Companies Act, 2013 and the Schedule II Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The scope of the Committee includes (a) identify/recommend to the Board persons qualified to become Directors and for appointment in senior management (b) formulate criteria for evaluation of Independent Directors and the Board (c) devise Board diversity policy and (d) formulate criteria relating to Directors and recommend remuneration policy relating to Directors, key managerial personnel and other employees.

The Remuneration Policy of the Company provides a performance driven and market-oriented framework to ensure that the Company attracts, retains and motivates high quality executives who can achieve the Company's goals, while aligning the interests of employees, shareholders and all stakeholders in accordance with the group's values and beliefs. The Company's total compensation package includes fixed compensation, variable compensation in the form of annual incentive, perquisites and benefits including health and life insurance and retirement benefits.

The Committee met two times during the year ended 31st March 2026. Mr. A Venkataramani, a Non-Executive Independent Director, is the Chairperson of the Nomination and Remuneration Committee. The composition of the Committee and the attendance of each member at these meetings are given in **Table 3** of the **Annexure - A** to this Report.

Senior Management

Mr. N Saravana Prakash, BU Head, Mr. A Sultan Ibrahim, BU Head and Mr. Suresh P L, Head Technology were the Senior Management Personnel since the closure of previous financial Year. During the financial year the Company appointed Mr. Victor Dharmaraj as Head HR and Mr. Malliraj as Head – Stratigic Sourcing w.e.f – 01st May 2025 & 07th July 2025 respectively as Senior Management Personnel of the Company.

Remuneration to Directors

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

The Executive Directors compensation comprises a fixed component and a performance incentive. The compensation is determined based on the level of responsibility and scales prevailing in the industry. No sitting fees for attending Board/ Committee meetings are paid to the Executive Directors. 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 Executive Directors & Non-Executive Directors, for the financial year ended 31st March 2026 is given in **Table 4 & Table 5** respectively of the **Annexure - A** to this Report.

Corporate Social Responsibility Committee

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

The Committee met twice during the year ended 31st March 2026. Dr. S K Sundararaman, a Non-Executive Independent Director, is the Chairperson of the Corporate Social Responsibility Committee. The composition of the CSR Committee and the attendance of each member at these meetings are given in **Table 6** of the **Annexure - A** to this Report.

Stakeholders Relationship Committee

Dr. S K Sundararaman, a Non-Executive Independent Director, is the Chairperson of the Stakeholders Relationship Committee. The Committee met once during

the year ended 31st March 2026. The composition of the Committee and attendance of its members at the meetings are given in **Table 7** of the **Annexure - A** to this Report.

During the financial year 2025-26 a total of 2 complaints were received and resolved and there are no pending complaints as on 31st March 2026.

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

Risk Management Committee

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

The Committee met three times during the year. Mr. L Ramkumar, a Non-Executive Independent Director, is the Chairman of the Risk Management Committee. The Composition of the Committee and attendance of the members at the meeting are given in **Table 8** of the **Annexure - A** to this Report.

Performance Evaluation

The annual performance evaluation was carried out pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As part of the performance evaluation process, an evaluation questionnaire based on the criteria as finalized in consultation with the Directors together with supporting documents was circulated to all the Board members, in advance. The Directors evaluated themselves, the Chairman, CEO & Whole-time Director, 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 evaluation of Independent Directors included their contribution, performance

and fulfilment of independence criteria. 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 17th March 2026 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, CEO & Whole-time Director and the Individual Directors.

Related Party Transactions

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

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

The policy for related party transactions approved by the Board had been uploaded on the Company's website Web link: <https://www.shanthigears.com/communication/>

Reclassification of Promoters

The Company is in receipt of a request letters from M/s. Yanmar Coromandel Agrisolutions Private Limited, M/s. Coromandel Engineering Company Limited and M/s. Algavista Greentech Private Limited, members of promoter & promoter group of the Company ("Outgoing Promoters") on 16th September 2025; 24th September 2025 and 18th December 2025 respectively, seeking reclassification as public category shareholder under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 who have zero holding in Shanthi Gears Limited.

The Company has filed the respective reclassification applications with the Stock Exchanges i.e., Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on 25th October 2025 and 23rd January 2026 as per their requests.

The Company have obtained approval from the Stock Exchanges on 01st December 2025 and 20th March 2026 for reclassification belonging to the Promoters/Promoter Group of the Company to Public Category pursuant to their request letters.

Investors Service

Your Company promptly attends to investors' queries/grievances. In order to provide timely services, the power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. The Board has also authorised the Officials to approve transmission and transposition requests are processed within the timelines prescribed under the Act. M/s. MUFG Intime India Private Limited is the Company's Registrar & Share Transfer Agent.

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

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

Statutory Compliance

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

Internal Control

The Company is conscious of the importance of the internal processes and controls. The Company has

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

Prevention of Insider Trading

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

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

Whistle Blower Policy

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

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

Compliance of Corporate Governance Norms

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

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

Other Disclosures

a. Details of non-compliance

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

b. Vigil Mechanism / Whistle Blower Policy

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

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

Further details are available in the Whistle Blower policy of the Company posted on the Company's Website at <https://www.shanthigears.com/wp-content/uploads/2025/12/Whistle-Blower-Policy.pdf>

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

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

- Chairman of the Board – Separate Office for chairperson is not provided at the registered office of the company.
- Shareholders' Rights – Half-yearly declaration of financial performance are not currently sent to each of the household of Shareholders but are published in terms of Regulation 47(3) of Listing Regulations in newspapers and also sent to the Stock Exchanges. Besides, all the Quarterly/Half-yearly/annual financial results are published on the Company's website.
- Modified opinion in Audit Report – During the year under review, there was no audit qualification in the Independent Auditor's Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

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

The Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website: <https://www.shanthigears.com/wp-content/uploads/2025/04/Material-Subsidiary-Policy.pdf>
The Company does not have any material subsidiary.

e. Disclosure of commodity price risks and commodity hedging activities

The Company has not entered into any commodity hedging activities.

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

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

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

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

h. Statutory Auditor Fee Particulars

M/s. M S K A & Associates LLP, Chartered Accountants are the Statutory Auditors of the Company. The total fee paid for the year 2025-26 to Statutory Auditors is given below:

S.No.	Description of the Service	Fees (₹ in lakhs)
(i)	Statutory Audit	11.50
(ii)	Limited Review Report	6.00
(iii)	Other Certification charges	1.15
	Total	18.65

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

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

The details of sexual harassment complaints for the year ended 31st March 2026 are furnished as under:

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

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

Not Applicable

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

Not Applicable

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

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

n. Report on Corporate Governance

This Chapter read together with the "**Annexure - H** to the Board Report", constitutes the Compliance Report on Corporate Governance for 2025-26.

This Corporate Governance Report of the Company for the financial year ended 31st March 2026 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

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

o. Chief Executive Officer & Chief Financial Officer Certification

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

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

p. Utilization of funds raised through preferential allotment or QIP

During the Financial Year 2025-26, the Company did not raise any funds by way of preferential allotment or qualified institutions placement. Accordingly, the disclosure requirements prescribed in this regard are not applicable.

Declaration

All members of the Board, the executive officers and senior management have affirmed compliance to the Code as on 31st March 2026. A declaration to this effect is part of the CEO and CFO certification.

Additional Disclosures

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

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

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

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

Place: Coimbatore
Date: 05 May 2026

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

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

General Shareholder Information

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

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

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 31st March 2026 as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Coimbatore
Date: 05 May 2026

M Karunakaran
CEO & Whole-time Director
(DIN-09004843)

ANNEXURE - A TO THE CORPORATE GOVERNANCE REPORT

a. Board Skill Matrix

The Board has identified the key qualifications, skills and attributes as essential for effective oversight of the Company taking into account its varied business interests. These are presented as a matrix below:

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

b. Board Meeting Dates and Attendance

The Board of Directors met five times during the financial year 2025-26. The dates of the Board meetings were 24th April 2025, 30th July 2025, 24th October 2025, 22nd January 2026 and 17th March 2026.

The attendance of each Director at the meetings, the last Annual General Meeting and number of other Directorships/ Committee memberships held by them as on 31st March 2026 are as follows:

Table 1

Sl. No.	Name of Director	Board meetings attended (no. of meeting held)	Number of Directorships including SGL (out of which as Chairman) (a)	Number of committee memberships including SGL (out of which as Chairman) (b)	Attendance at last AGM	No. of Shares held as on 31 st March 2026
1	Mr. M A M Arunachalam	5(5)	12(4)	5(3)	Present	-
2	Mr. L Ramkumar	5(5)	2	3(3)	Present	-
3	Mr. A Venkataramani	4(5)	11	5	Absent	-
4	Ms. Soundara Kumar*	2(5)	3	4(1)	Absent	-
5	Ms. Aruna Thangaraj**	4(5)	5	3	Absent	-
6	Dr. S K Sundararaman	4(5)	12	8(3)	Present	-
7	Mr. Arun Venkatachalam	4(5)	1	1	Present	-
8	Mr. Mukesh Ahuja	5(5)	2	-	Present	-
9	Mr. M Karunakaran	5(5)	1	1	Present	1512 Equity Shares

*Retired w.e.f 30th July 2025

**Appointed w.e.f 30th July 2025

(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.

The names of listed companies, where the Directors, hold directorship as on 31st March 2026 and the category thereof are furnished below:

S. No	Name of Director	Name of the listed entity in which Directorship held	Category of Directorship
1	Mr. M A M Arunachalam	1. Tube Investments of India Limited	Executive
		2. CG Power and Industrial Solutions Limited	Non-Executive
		3. Shanthi Gears Limited	Non-Executive
		4. Cholamandalam Investment and Finance Company Limited	Non-Executive
2	Mr. L Ramkumar	1. Shanthi Gears Limited	Non-Executive & Independent
		2. Igarashi Motors India Limited	Non-Executive & Independent
		3. Wendt India Limited	Non-Executive & Independent
3	Mr. A Venkataramani	1. Shanthi Gears Limited	Non-Executive & Independent
		2. Avalon Technologies Limited	Non-Executive & Independent
		3. LMW Limited	Non-Executive & Independent
		4. IP Rings Limited	Executive
4	Ms. Soundara Kumar*	1. Shanthi Gears Limited	Non-Executive & Independent
		2. The Ramco Cements Limited	Non-Executive & Independent
		3. Ramco Industries Limited	Non-Executive & Independent
5	Ms. Aruna Thangaraj**	1. Shanthi Gears Limited	Non-Executive & Independent
		2. ELGI Equipments Limited	Non-Executive & Independent
6	Dr. S K Sundararaman	1. Shanthi Gears Limited	Non-Executive & Independent
		2. Shiva Texyarn Limited	Executive
		3. Shiva Mills Limited	Non-Executive
		4. Bannari Amman Spinning Mills Limited	Non-Executive
		5. Pricol Limited	Non-Executive & Independent
7	Mr. Arun Venkatachalam	1. Shanthi Gears Limited	Non-Independent
8	Mr. Mukesh Ahuja	1. Shanthi Gears Limited	Non-Executive
		2. Tube Investments of India Limited	Executive
9	Mr. M Karunakaran	1. Shanthi Gears Limited	Executive

*Retired w.e.f 30th July 2025

**Appointed w.e.f 30th July 2025

c. Composition of Audit Committee and Attendance

The Committee met four times during the financial year 2025-26. The dates of meetings were 24th April 2025, 30th July 2025, 24th October 2025 and 22nd January 2026. The composition of the Audit Committee and attendance of each Member at these meetings are as follows:

Table 2

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

*Retired w.e.f., 30th July 2025

**Appointed w.e.f., 31st July 2025

d. Composition of Nomination and Remuneration Committee and Attendance

The Committee met twice during the financial year ended 31st March 2026. The dates of meetings were 24th April 2025 and 30th July 2025. The composition of Nomination & Remuneration Committee and the attendance of each member at these meetings are as follows:

Table 3

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

*Retired w.e.f 30th July 2025

**Appointed w.e.f 31st July 2025

e. Remuneration of Executive Directors

The details of remuneration paid/provision made for payment to the CEO and Whole-time Director as follows:

Table 4

(Amount in ₹)

Sl. No.	Name of the Directors	Remuneration (inclusive of Salary, Incentive ^(a) , Allowance, Perquisites & Contributions ^(b))
1	Mr. M Karunakaran	1,50,72,964
Total		1,50,72,964

- (a) Provisional and subject to determination by the Nomination & Remuneration Committee and the same will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.
- (b) Executive Director's remuneration excludes provision for Gratuity and compensated absences since the amount cannot be ascertained individually.
- (c) Executive Directors will be subject to all other service conditions as applicable to any other employee of the Company. They will not be entitled for severance fee or other compensation for any loss of office.

f. Remuneration of Non-Executive Directors

The details of commission provided for/sitting fees paid to Non-Executive Directors for the year ended 31st March 2026 are as follows:

Table 5

(Amount in ₹)

Sl. No.	Name of the Directors	Commission	Sitting Fees	Total
1	Mr. M A M Arunachalam	1,00,00,000	-	1,00,00,000
2	Mr. L Ramkumar	5,00,000	2,60,000	7,60,000
3	Mr. A Venkatramani	5,00,000	2,00,000	7,00,000
4	Ms. Soundara Kumar*	1,65,753	1,20,000	2,85,753
5	Ms. Aruna Thangaraj**	3,34,247	1,60,000	4,94,247
6	Mr. S K Sundararaman	5,00,000	2,20,000	7,20,000
7	Mr. Arun Venkatachalam	5,00,000	1,60,000	6,60,000
8	Mr. Mukesh Ahuja	-	-	-
Total		1,25,00,000	11,20,000	1,36,20,000

*Calculated from 01st April 2025 till 30th July 2025 on pro-rata basis

**Calculated from 30th July 2025 till 31st March 2026 on pro-rata basis

Note: Will be paid after the adoption of accounts by the Shareholders at the 53rd Annual General Meeting

g. Composition of Corporate Social Responsibility Committee and Attendance

The Committee met two times during the financial year ended 31st March 2026. The dates of meeting were 30th July 2025 and 17th March 2026. The composition of Corporate Social Responsibility Committee and the attendance of each member at these meetings are as follows

Table 6

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

*Appointed w.e.f 31st July 2025

h. Composition of Stakeholders Relationship Committee and Attendance

The Committee met once during the financial year ended 31st March 2026. The date of meeting was 17th March 2026. The composition of the Stakeholders Relationship Committee and the attendances at the meetings are as follows:

Table 7

Sl. No.	Name of Members	No. of Meetings Attended (No. of meeting held)
1	Dr. S K Sundararaman, Chairperson	1(1)
2	Mr. Arun Venkatachalam	1(1)
3	Mr. M Karunakaran	1(1)

i. Composition of Risk Management Committee and Attendance

The Committee met three times during the financial year ended 31st March 2026. The date of meeting was 24th April 2025, 24th October 2025 and 17th March 2026. The composition of the Risk Management Committee and the attendance of each member at the meeting are as follows:

Table 8

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

On behalf of the Board

M A M Arunachalam
Chairman
(DIN-00202958)

Place: Coimbatore
Date: 05 May 2026

ANNEXURE - B TO THE CORPORATE GOVERNANCE REPORT

Certificate of Non-Disqualification of Directors

Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

The Members,

Shanthi Gears Limited

CIN: L29130TZ1972PLC000649
304 A, Trichy Road, Singanallur,
Coimbatore - 641005

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SHANTHI GEARS LIMITED (CIN: L29130TZ1972PLC000649)** having its Registered Office at 304 A, Trichy Road, Singanallur, Coimbatore – 641005 (hereinafter referred to as “The Company”) produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34 (3) read with Schedule V Part-C Sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal www.mca.gov.in) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below on the Board of the Company as on 31st March 2026 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board India / Ministry of Corporate Affairs or any such other statutory authority.

Sl. No.	DIN	Name of the Director	Designation	Date of Initial Appointment
1	00202958	M A M Arunachalam	Non-Executive – Chairman	10/02/2021
2	09511997	Arun Venkatachalam	Non-Executive – Non-Independent Director	09/05/2023
3	00090089	L Ramkumar	Non-Executive – Independent Director	03/09/2012
4	07444726	Aruna Thangaraj	Non-Executive – Independent Director	30/07/2025
5	00002691	S K Sundararaman	Non-Executive – Independent Director	06/02/2018
6	09004843	M Karunakaran	Executive Director, CEO	10/02/2021
7	09364667	Mukesh Ahuja	Non-Executive – Non Independent Director	22/10/2021
8	00277816	A Venkataramani	Non-Executive – Independent Director	09/05/2024

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

For **SRIDHARAN & SRIDHARAN ASSOCIATES**
COMPANY SECRETARIES

CS R. SRIDHARAN

FCS No. 4775

CP No. 3239

PR. NO.6333/2024

UIN: P2022TN093500

UDIN: F004775H000260448

Place: Chennai
Date: 05 May 2026

Corporate Governance Certificate

The Members,

Shanthi Gears Limited

CIN: L29130TZ1972PLC000649

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

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **SHANTHI GEARS LIMITED, (CIN: L29130TZ1972PLC000649)** [hereinafter referred to as “the Company”] having its Registered Office at 304A, Trichy Road, Singanallur, Coimbatore- 641005, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V and Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (hereinafter called “SEBI (LODR) Regulations 2015”) for the financial year ended 31st March 2026. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and Para C, D and E of Schedule V and Regulation 34 (3) of SEBI (LODR) Regulations, 2015 as amended for the financial year ended 31st March 2026.

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

For **SRIDHARAN & SRIDHARAN ASSOCIATES**
COMPANY SECRETARIES

CS R. SRIDHARAN
MANAGING PARTNER

FCS No. 4775

CP No. 3239

PR NO.6333/2024

UIN: P2022TN093500

UDIN: F004775H000260415

Place: Chennai

Date: 05 May 2026

GENERAL SHAREHOLDER INFORMATION

Company Registration

Corporate Identity Number (CIN):

L29130TZ1972PLC000649

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

Financial year: 2025-2026

Annual General Meeting

Day : Wednesday

Date : 29th July 2026

Time : 4.30 P.M.

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

Tentative Calendar for 2026-27

Annual General Meeting	29 th July 2026
Results for the Quarter Ending 30 th June 2026	29 th July 2026
Results for the Quarter Ending 30 th September 2026	October / November 2026
Results for the Quarter Ending 31 st December 2026	January / February 2027
Results for the Year Ending 31 st March 2027	April / May 2027

Dividend

The Board of Directors has recommended the payment of a final dividend of Rs.2/- per equity share. The Dividend on equity shares will be paid to those members as on Friday, 17th July 2026 and the same will be paid on or before 27th August 2026. During the financial year, on 20th February 2026, the Company paid one-time special interim dividend of Rs.3/- per equity share.

Unclaimed Dividend

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

Financial Year to which dividend relates	Date of declaration	Due for Transfer to IE&P Fund
2018-19 (Final)	23.07.2019	29.08.2026
2019-20 (Interim)	28.02.2020	06.04.2027
2020-21 (Interim)	10.02.2021	19.03.2028
2021-22(Interim)	03.02.2022	12.03.2029
2022-23 (Interim)	25.01.2023	03.03.2030
2022-23 (Final)	26.07.2023	01.09.2030
2023-24 (Interim)	30.01.2024	08.03.2031
2023-24 (Final)	29.07.2024	30.09.2031
2024-25(Interim)	30.01.2025	04.04.2032
2024-25 (Final)	30.07.2025	02.10.2032
2025-26 (Interim)	22.01.2026	29.03.2033

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 2017-18 have been transferred to the IE&P Fund.

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

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz., M/s MUFG Intime India Private Limited, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028 ("RTA") to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate the RTA the details of their bank account to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(b) Shareholders holding shares in demat form

Shareholders can make use of the National Electronic Clearing Services ("NECS") of Reserve Bank of India, offered at several centres across the country, to receive dividend payment directly into their bank account, avoiding thereby the hassles relating to handling of physical warrants besides elimination of risk of loss in postal transit/ fraudulent encashment of warrants. The NECS operates on the account number allotted by the Bank post Core Banking Solution implementation. The new Bank account number may kindly be intimated by the shareholders to the Depository Participant.

If there is any change in bank account details, Shareholders are requested to advise their Depository Participant/ Company's RTA, as the case may be, immediately about the change.

Further, if in case of any change in address, Shareholders are requested to advise their Depository Participant(s) immediately about their new address.

Reconciliation of share capital Audit:

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

Name and Address of Stock Exchanges

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

Listing on Stock Exchanges and Stock Code

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

Bombay Stock Exchange Limited ("BSE"): 522034

ISIN Number in NSDL & CDSL for equity shares: INE631A01022

The Company has paid annual listing fees for the Financial Year 2025-26 in respect of the above stock exchanges.

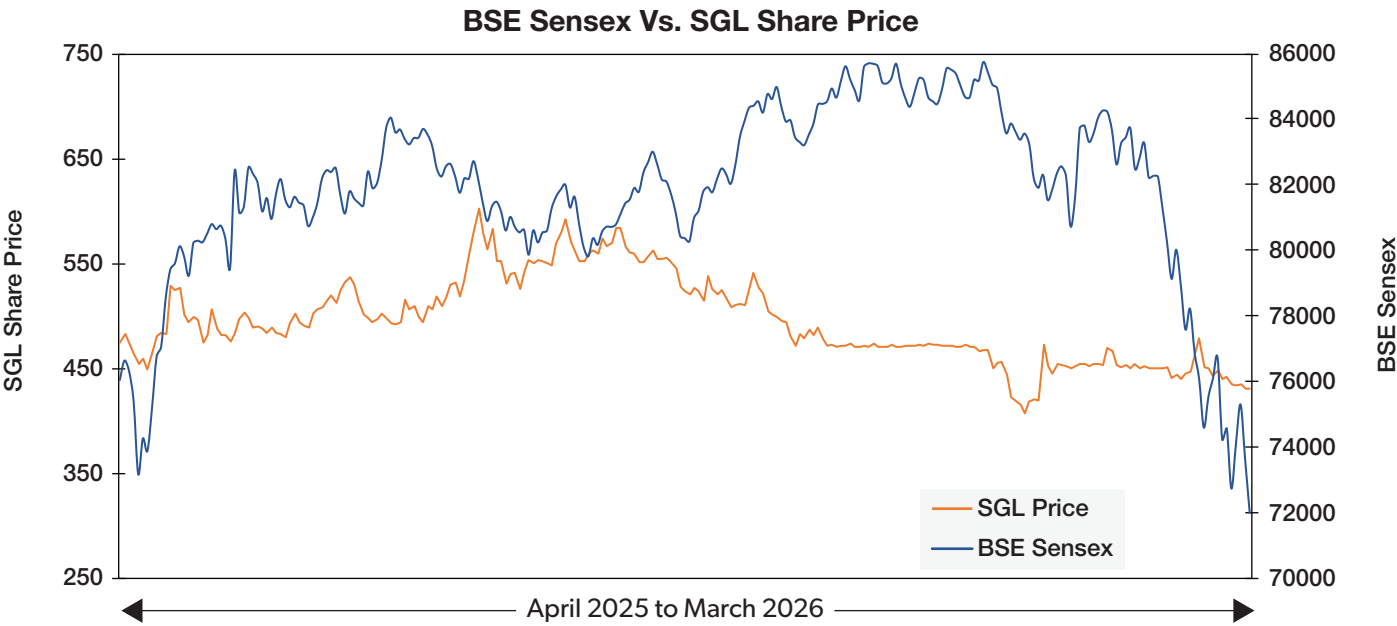
Market Price Data and Comparison

Monthly high and low price of the Equity Shares of the Company during 2025-26 are as follows;

Month	NSE		BSE	
	High (Rs.) Price	Low (Rs.) Price	High (Rs.) Price	Low (Rs.) Price
April-2025	560.00	431.05	551.55	386.00
May-2025	512.00	469.00	527.90	469.70
June-2025	550.00	485.10	548.00	485.65
July-2025	619.80	492.00	620.70	490.05
August-2025	598.90	514.05	596.40	514.40
September-2025	592.00	514.70	591.90	515.80
October-2025	557.00	489.00	555.05	489.60
November-2025	498.80	469.75	495.15	470.00
December-2025	477.10	469.50	477.15	470.00
January-2026	493.40	395.00	491.30	396.00
February-2026	478.00	449.50	474.45	450.00
March-2026	495.00	420.10	495.00	415.20

Performance in comparison to broad based indices

SGL Share Performance (April 2025 to March 2026)



Share Transfer System

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

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

SWAYAM – Online portal for shareholder queries

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

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

Following are the key features of ‘**SWAYAM**’.

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

This application can be accessed at <https://swayam.in.mpms.mufg.com>

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

Registrar and Share Transfer Agents

M/s. MUFG Intime India Private Limited
 “Surya” 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,
 Coimbatore – 641028, TN, India

Phone: +91 422 4958995, 2539835/836 | **Fax:** +91 422 2539837
Email: rnt.helpdesk@in.mpms.mufg.com | **Website:** <https://in.mpms.mufg.com/>

Shareholding pattern as on 31st March 2026

Sl. No.	Category	No. of Shares	%
1	Corporate Bodies (Promoter Co)	5,40,63,849	70.47
2	Body Corporate - Ltd Liability Partnership	32,117	0.04
3	Clearing Members	10,882	0.01
4	Foreign Banks	3,000	-
5	FPI (Corporate) - I	1,79,542	0.23
6	FPI (Corporate) - li	22,22,649	2.89
7	Hindu Undivided Family	4,65,351	0.60
8	Insurance Companies	1,65,000	0.21
9	Investor Education And Protection Fund	4,17,833	0.54
10	Mutual Funds	7,064	-
11	Key Managerial Personnel	1,512	-
12	Non Resident Indians (Non Repatriable)	1,97,323	0.25
13	Non Resident Indians	1,74,263	0.22
14	Other Bodies Corporate	24,17,499	3.15
15	Public	1,61,80,719	21.09
16	Relatives Of Director	1,000	-
17	Unclaimed Shares	1,76,250	0.22
Total		7,67,15,853	100.00

Distribution of Shareholding as on 31st March 2026

Sl. No.	No. of Shares held			No. of Shareholders	%	No. of Shares	%
1	1	to	500	26,836	90.76	19,19,832	2.50
2	501	to	1000	1,095	3.70	8,84,907	1.15
3	1001	to	2000	668	2.25	10,61,779	1.38
4	2001	to	3000	272	0.91	6,97,857	0.91
5	3001	to	4000	180	0.60	6,69,399	0.87
6	4001	to	5000	132	0.44	6,23,368	0.81
7	5001	to	10000	231	0.78	16,27,716	2.12
8	10001 and Above			153	0.51	6,92,30,995	90.24
Total				29,567	100.00	7,67,15,853	100.00

Dematerialisation of Shares and Liquidity

As on 31st March 2026, 7,61,68,700 shares were in dematerialised form representing 99.29% of total shares.

Outstanding ADR/GDR/Warrants/any convertible instruments, conversion date and likely impact on equity

As on date, the company has not issued GDRs/ ADRs/ Warrants or any other convertible instruments and as such, there is no impact on the equity share of the Company.

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

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

Credit Rating

The Company has obtained the following credit rating from ICRA

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

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

Location and time of last three Annual General Meetings held are given below

Financial Year Ending	Date	Time	Venue
31.03.2023	26.07.2023	4.30 P.M	Video Conferencing
31.03.2024	29.07.2024	4.30 P.M	Video Conferencing
31.03.2025	30.07.2025	4.30 P.M	Video Conferencing

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

Date of AGM	Whether any Special Resolution was passed	Resolution
26.07.2023	Yes	1. Re-appointment of Dr. S K Sundararaman as an Independent Director of the Company
29.07.2024	Yes	1. Appointment of Mr. A Venkataramani as an Independent Director
30.07.2025	Yes	1. Alteration of Articles of Association of the Company as per Companies Act, 2013

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

During the year, approval of the shareholders was obtained through Postal Ballot with respect to the following Special resolutions:

Date of passing	Resolution
17.09.2025	1. Appointment of Ms. Aruna Thangaraj as an Independent Director 2. Payment of remuneration to Mr. M A M Arunachalam, Non-Executive Chairman for the financial year 2024-25

Mr. M D Selvaraj (FCS No. 960; CP No. 411), Practising Company Secretary of M/s. MDS & Associates LLP, having consented to act as the Scrutiniser, was appointed to scrutinise the postal ballot process conducted through remote e-voting in a fair and transparent manner. The Postal Ballot Notice was issued in compliance with the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India from time to time.

Means of Communication

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

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

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 01.04.2025	136	1,89,150
2	Number of Shareholder who approached the Company for transfer of their shares from Unclaimed Suspense Account during 01.04.2025 to 31.03.2026	4	10,670
3	Number of Shareholder to whom shares were transferred from the Unclaimed Suspense Account during 01.04.2025 to 31.03.2026	4	10,670
4	Shares relating to unclaimed dividend for 7 years transferred to Investors Education & Protection Fund account during the year 01.04.2025 to 31.03.2026	4	2,230
5	Aggregate number of Shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31.03.2026	128	1,76,250

Shareholders who continue to hold the Share Certificates with face value of Rs.10/- are entitled to claim the equity shares with the face value of Re.1/- from the Unclaimed Suspense Account. Further, the shareholders who have not claimed bonus shares are also entitled to claim the shares from Unclaimed Suspense Account. The voting rights on the shares outstanding in the suspense account as on 31st March 2026 shall remain frozen till the rightful owner of such share claims the share. On receipt of the claim, the Company will, after verification, arrange to credit the equity shares to the demat account of the shareholder concerned or deliver the Share Certificate to the shareholder in physical mode after re-materialisation.

Plant Locations

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

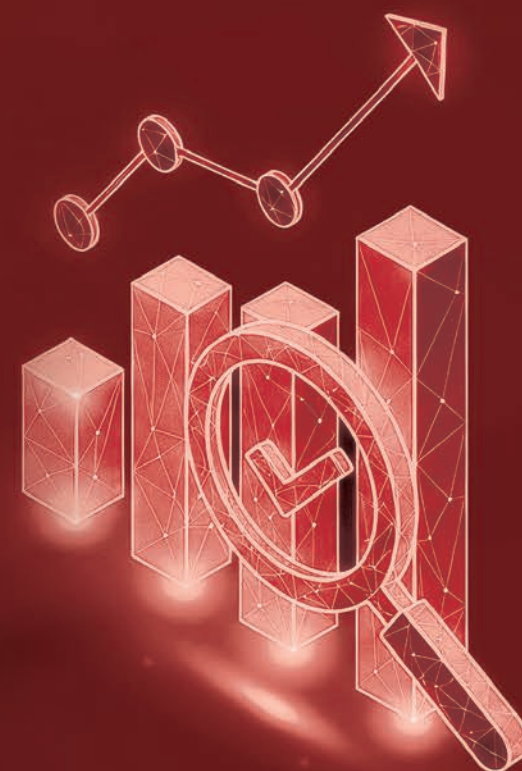
D Unit: K.Krishnapuram, Kamanaickenpalayam (PO), Palladam Taluk, Tirupur District - 641 658

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

Contact Address

Compliance Officer	For all matters relating to investors Services
Mr. Walter Vasanth P J Company Secretary, Shanthi Gears Limited, 304-A, Trichy Road, Singanallur, Coimbatore – 641 005. Tel: (0422) 4545745; Fax: (0422) 4545700 email: waltervasanthpj@shanthigears.murugappa.com	MUFG Intime India Private Limited “Surya” 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 Tel: (0422) 4958995, 2539835/836 Fax: (0422) 2539837 email: rnt.helpdesk@in.mpms.mufig.com Website: https://in.mpms.mufig.com/

Auditor's Report



INDEPENDENT AUDITOR’S REPORT

To the Members of Shanthi Gears Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shanthi Gears Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information (hereinafter referred to as the “financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, its profit (including other comprehensive loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	How the Key Audit Matters was addressed in our audit
	Timing of Revenue Recognition(as described in Note 3.9 of the Financial Statements) The Company deals with the designing, manufacturing, supply and servicing of gears and gear boxes. The type of customers varies across these segments, ranging from dealers to Original Equipment Manufacturers, their suppliers and Industrial Customers. The Company recognizes revenue from sale of goods at a point in time based on the terms of the contract with customers which may vary case to case. Terms of sales arrangements with various customers, including Incoterms, determine the timing of transfer of control and require judgment in determining the timing of revenue recognition. Due to the judgement relating to the determination of point of time in.	Our audit procedures include the following: i. Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards. ii. Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis. iii. Tested the design, implementation and operating effectiveness of the Company’s general IT controls and key application controls over the Company’s IT systems which govern revenue recognition in the general ledger accounting system. iv. Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.

Sr. No	Key Audit Matter	How the Key Audit Matters was addressed in our audit
	Satisfaction of performance obligations with respect to the sale of products, this matter is considered as Key Audit Matter.	v. Performed analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any. vi. Tested revenue transactions, both near and after the reporting date and tested whether the timing of revenue was recognized in the appropriate period with reference to shipping records, sales invoices for sample transactions. vii. Assessed the disclosures for compliance with applicable accounting standards.

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

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Director’s Report, Management Discussion and Analysis including annexures to the Board Report, Corporate Governance and Business Responsibility and Sustainability Reporting but does not include the financial statements, and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

The Company’s Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We give in “Annexure - A” a detailed description of Auditor’s responsibilities for Audit of the Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in “Annexure - B” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a). We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements.
 - (b). In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept by the Company so far as it appears from our examination of those books, except for the matter stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).
 - (c). The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the financial statements.
 - (d). In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.
 - (e). On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f). The modification relating to the maintenance of accounts and other matters connected therewith are as stated in 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).
 - (g). With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure - C”.
 - (h). With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29a to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Company during the year ended March 31, 2026.
 - iv.
 - a. The management has represented that, to the best of our knowledge and belief, as disclosed in Note 38 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b. The management has represented that, to the best of our knowledge and belief, as disclosed in Note 38 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

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

The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend.

The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. (Refer Note 12 to the financial statements).

vi.

- a. Based on our examination which included test checks, the Company has used an accounting software, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our examination, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail of prior years have been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the previous years. Refer Note 40 to the financial statements.
- b. Based on examination which included test checks, the Company has used a software for recording its payroll transactions (managed and maintained by a third-party software service provider) which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software except that we are unable to comment on audit trail at database level due to absence of SOC report, as explained in Note 40 to the financial statements.
- c. Further, except for above, audit trail feature has operated throughout the year for all relevant transactions recorded in the accounting software. Also, during the course of our audit, we did not come across any instance of audit trail feature being tampered with except for above. Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous years.

3. In our opinion, according to information, explanations given to us, the remuneration paid or provided by the Company to its directors is within the limits laid prescribed under Section 197 of the Act.

For M S K A & Associates LLP (Formerly known as M S K A & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W/W101187

Geetha Jeyakumar

Partner

Membership No.: 029409

UDIN:26029409ZEZBSK1823

Place: Coimbatore

Date: May 05, 2026

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

For M S K A & Associates LLP (Formerly known as M S K A & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W/W101187

Geetha Jeyakumar

Partner

Membership No.: 029409

UDIN:26029409ZEZBSK1823

Place: Coimbatore

Date: May 05, 2026

ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED FOR THE YEAR ENDED MARCH 31, 2026

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- (a) A The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and investment property.
B The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, Plant and Equipment and investment property were physically verified by the management according to a phased programme designed to cover all items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of Property, plant and equipment and investment property have been physically verified by Management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 4a and Note 5 to the financial statements, are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment and intangible assets during the year. Accordingly, the requirement to report on Clause 3(i)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the requirement to report on Clause 3(i)(e) of the Order are not applicable to the Company.
- ii. (a) The inventory (excluding stocks-in-transit) has been physically verified at reasonable intervals by the management during the year. In respect of inventory lying with third parties, these have been confirmed by them and in respect of goods in transit, the goods have been received subsequent to the year end and have been confirmed from corresponding dispatch records. No discrepancies were noticed in respect of such confirmations. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) At any point of time during the year, the Company has not been sanctioned working capital limits in excess of Rs. five crores, in aggregate, from banks or financial institutions on the basis of security of current assets. Accordingly, the requirement to report on Clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. According to the information and explanations provided to us, during the year, the Company has made investments as explained in Note 10a. During the year, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, the:
 - (a) Requirement to report on Clause 3(iii)(a) of the Order is not applicable to the Company.
 - (b) Investments made are not prejudicial to the Company's interest. The requirement to report in relation to guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided under Clause 3(iii)(b) of the Order is not applicable to the Company.
 - (c) Requirement to report on Clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company.

- iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act, are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of the provisions of Sections 73 to 76 of the Act and the rules framed there under. Accordingly, the requirement to report on Clause 3(v) of the Order is not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues have been regularly deposited with the appropriate authorities during the year. No undisputed amounts payable in respect of these statutory dues were outstanding as at March 31, 2026, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records examined by us, details of statutory dues referred to in sub-clause (a) above, which have not been deposited as on March 31, 2026, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded Rs. In Crs	Amount Paid Rs. In Crs	Period to which the amount relates	Forum where dispute is pending
The Goods and Services Tax Act, 1961	Penalty under Section 122(2)(b) read with Section 74 of CGST Act, 2017	2.02	-	July 2017 to March 2023	The Assistant Commissioner of GST and Central Excise
The Central Excise Act, 1944	Excise Duty including Penalty, on interunit transfer of machinery	1.52	-	FY 2005-06	Jurisdictional Office

Refer Note 29a to the financial statements.

There are no dues relating to provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

- viii. According to the information and explanations given to us, there are no transaction which are not recorded in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment under the Income Tax Act, 1961. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company. Refer Note 38 to the financial statements.
- ix. (a) The Company does not have any loans or borrowings or interest thereon due to any lenders during the year. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority. Refer Note 38 to the financial statements.

- (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans. Accordingly, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations provided to us, no funds were raised during the year. Accordingly, the requirement to report on clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate, or joint venture. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly, or optionally convertible) during the year. Accordingly, the requirements to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year in the course of our audit.
- (b) During the year no report under Section 143(12) of the Act, has been filed by cost auditor or secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the requirement to report on clause 3(xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in Note 30 to the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.
- xv. According to the information and explanations given to us, and based on our examination of the records of the Company, in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, the requirement to report on Clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the requirement to report on Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the requirement to report on Clause 3(xvi)(b) of the Order are not applicable to the Company.

- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on Clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) The group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has 2 Core Investment Companies ('CICs') as a part of its group.
- xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the requirement to report on clause 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the requirement to report on clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in Note 37 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund as specified in Schedule VII of the Act as disclosed in Note 24(ii) to the financial statements.
- (b) There are no ongoing projects and accordingly, the requirement to report on Clause 3(xx)(b) of the Order is not applicable to the Company.

For M S K A & Associates LLP (Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No. 105047W/W101187

Geetha Jeyakumar
Partner

Place: Coimbatore
Date: May 05, 2026

Membership No.: 029409
UDIN:26029409ZEZBSK1823

ANNEXURE - C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHANTHI GEARS LIMITED

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Shanthi Gears Limited on the Financial Statements for the year ended March 31, 2026]

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of Shanthi Gears Limited ("the Company") as of March 31, 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2026, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

Management's and Board of Director's Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For M S K A & Associates LLP (Formerly known as M S K A & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W/W101187

Geetha Jeyakumar

Partner

Membership No.: 029409

UDIN:26029409ZEZBSK1823

Place: Coimbatore

Date: May 05, 2026

Financial Statements



BALANCE SHEET AS AT 31 MARCH 2026

(₹ Crores)

	Particulars	Note No.	As at 31 March 2026	As at 31 March 2025
I.	ASSETS			
1	Non-Current Assets			
	(a) Property, plant and equipment	4a	97.99	71.28
	(b) Capital work-in-progress	4c	25.79	4.90
	(c) Investment Property	5	7.32	7.43
	(d) Intangible assets	4b	0.52	0.35
	(e) Financial assets			
	(i) Investments	6a	10.18	18.21
	(ii) Other financial assets	6b	5.53	7.26
	(f) Deferred tax assets (net)	7	7.02	5.26
	(g) Income Tax Assets (net)		1.28	-
	(h) Other non-current assets	8	0.32	7.72
	Total non-current assets		155.95	122.41
2	Current assets			
	(a) Inventories	9	112.84	80.40
	(b) Financial assets			
	(i) Investments	10a	65.31	70.28
	(ii) Trade receivables	10b	115.62	137.20
	(iii) Cash and cash equivalents	10c	1.33	15.00
	(iv) Bank balances other than (iii) above	10d	73.88	49.76
	(v) Loans	10e	0.14	0.19
	(vi) Other financial assets	10f	19.42	23.30
	(c) Other current assets	11	11.10	5.78
	Total current assets		399.64	381.91
	Total Assets		555.59	504.32
II.	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	12	7.67	7.67
	(b) Other Equity	13	432.39	395.32
	Total equity		440.06	402.99
2	Non-current liabilities			
	(a) Other non current liabilities	14a	0.48	0.48
	(b) Provisions	14b	7.43	0.39
	Total non-current liabilities		7.91	0.87
3	Current Liabilities			
	(a) Financial liabilities			
	(i) Trade payables			
	(A) Total outstanding dues of micro enterprises and small enterprises	15a	28.66	13.69
	(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		43.79	49.01
	(ii) Other financial liabilities	15b	11.59	9.11
	(b) Other current liabilities	16	21.55	25.48
	(c) Provisions	17	2.03	2.63
	(d) Current Tax Liabilities (Net)		-	0.54
	Total Current liabilities		107.62	100.46
	Total Liabilities		115.53	101.33
	Total Equity and Liabilities		555.59	504.32

Summary of Material Accounting Policies 3
The accompanying notes are an integral part of the financial statements
As per our report of even date

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No.105047W/W101187

Geetha Jeyakumar
Partner
Membership No.029409

M Karunakaran
Whole-time Director
(DIN-09004843)

On behalf of the Board of Directors
For Shanthi Gears Limited

M A M Arunachalam
Chairman
(DIN-00202958)

Walter Vasanth P J
Company Secretary

Place: Coimbatore
Date: 05 May 2026

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2026

(₹ Crores)

	Particulars	Note No.	Year Ended 31 March 2026	Year Ended 31 March 2025
I.	Revenue from operations	18	518.72	604.62
II.	Other income	19	19.63	14.66
	Total income (I+II)		538.35	619.28
III.	Expenses			
	Cost of materials consumed	20	255.12	281.97
	Changes in inventories of finished goods and work-in-progress	21	(10.46)	2.33
	Employee benefits expense	22	78.68	81.69
	Depreciation and amortisation expense	23	16.06	13.30
	Other expenses	24	91.47	109.90
	Total Expenses		430.87	489.19
IV.	Profit before tax and exceptional items (I+II-III)		107.48	130.09
V.	Less: Exceptional items	23a	4.78	-
VI.	Profit before tax after exceptional items (IV-V)		102.70	130.09
VII.	Tax expense/(benefit):			
	Current Tax	25	27.38	33.95
	Deferred Tax	7	(1.34)	0.11
	Total Tax Expense		26.04	34.06
VIII.	Profit for the year (VI-VII)		76.66	96.03
IX.	Other Comprehensive Income			
	Items that will not be reclassified to Statement of Profit and Loss in subsequent periods:	26		
	Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)		(1.65)	0.01
	Income Tax effect		0.42	(0.00)
	Other Comprehensive Income/(Loss) for the Year		(1.23)	0.01
X.	Total Comprehensive Income for the Year (VIII + IX)		75.43	96.04
	Earnings Per Equity Share of ₹ 1/- each	27		
	Basic (in ₹)		9.99	12.52
	Diluted (in ₹)		9.99	12.52

Summary of Material Accounting Policies 3
The accompanying notes are an integral part of the financial statements
As per our report of even date

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No.105047W/W101187

Geetha Jeyakumar
Partner
Membership No.029409

M Karunakaran
Whole-time Director
(DIN-09004843)

On behalf of the Board of Directors
For Shanthi Gears Limited

M A M Arunachalam
Chairman
(DIN-00202958)

Walter Vasanth P J
Company Secretary

Place: Coimbatore
Date: 05 May 2026

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2026

a. Equity Share Capital

Particulars	No. of shares	(₹ Crores)
As at 01 April 2024		
Equity shares of ₹ 1 each issued, subscribed and fully paid	76,715,853	7.67
Issue of share capital (Refer Note 12)	-	-
As at 31 March 2025		
Equity shares of ₹ 1 each issued, subscribed and fully paid	76,715,853	7.67
Issue of share capital (Refer Note 12)	-	-
As at 31 March 2026	76,715,853	7.67

b. Other Equity

For the year ended 31 March 2026 (₹ Crores)

Particulars	Reserves and Surplus				
	Retained Earnings (Note 13)	Capital Redemption Reserve (Note 13)	General Reserve (Note 13)	Remeasurement of Employee Benefit Obligation (Note 13)	Other Equity
As at 01 April 2025	193.75	0.52	204.29	(3.24)	395.32
Profit for the Year	76.66	-	-	-	76.66
Other Comprehensive Income/(Loss) for the Year (Note 26)	-	-	-	(1.23)	(1.23)
Total Comprehensive Income	76.66	-	-	(1.23)	75.43
Dividends	(38.36)	-	-	-	(38.36)
As at 31 March 2026	232.05	0.52	204.29	(4.47)	432.39

For the year ended 31 March 2025 (₹ Crores)

Particulars	Reserves and Surplus				
	Retained Earnings (Note 13)	Capital Redemption Reserve (Note 13)	General Reserve (Note 13)	Remeasurement of Employee Benefit Obligation (Note 13)	Other Equity
As at 1 April 2024	136.08	0.52	204.29	(3.25)	337.64
Profit for the Year	96.03	-	-	-	96.03
Other Comprehensive Income/(Loss) for the Year (Note 26)	-	-	-	0.01	0.01
Total Comprehensive Income	96.03	-	-	0.01	96.04
Dividends	(38.36)	-	-	-	(38.36)
As at 31 March 2025	193.75	0.52	204.29	(3.24)	395.32

The accompanying notes are an integral part of the financial statements
As per our report of even date

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No.105047W/W101187

Geetha Jeyakumar

Partner
Membership No.029409

Place: Coimbatore
Date: 05 May 2026

M Karunakaran

Whole-time Director
(DIN-09004843)

M A M Arunachalam

Chairman
(DIN-00202958)

Walter Vasanth P J
Company Secretary

On behalf of the Board of Directors
For Shanthi Gears Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

(₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
A. Cash Flow from Operating Activities:		
Profit before tax	102.70	130.09
Adjustments for:		
Depreciation on Property, Plant and Equipment	15.51	12.86
Depreciation on Investment Property	0.11	0.11
Amortisation of Intangible assets	0.44	0.33
(Gain)/Loss on disposal of Property Plant and Equipment	(0.13)	(0.07)
Net (gain)/loss arising of financial assets measured at fair value through profit or loss	(4.40)	(3.73)
Unrealised (gain)/loss on foreign currency transactions and translations	(0.92)	(0.02)
Interest Income from Fixed Deposits and Tax Free Bonds	(7.81)	(7.14)
Provision/Liability no longer required written back	(1.96)	(1.38)
Provision/(Reversal of Provision) for Credit impaired Trade Receivable	(0.50)	1.55
Provision for Credit impaired Other Receivables	-	0.34
Provision for Inventories	3.08	(0.81)
Operating Profit before Working Capital/Other Changes	106.12	132.13
Adjustments for:		
(Increase)/Decrease in Inventories	(35.52)	5.64
(Increase)/Decrease in Trade Receivables	22.99	(20.77)
(Increase)/Decrease in Other Financial Assets	(0.67)	2.31
(Increase)/Decrease in Loans	0.05	(0.09)
(Increase)/Decrease in Other Current Assets	(5.32)	(0.56)
(Increase)/Decrease in Other Non-Current Assets	-	0.01
Increase/(Decrease) in Trade Payables	9.75	7.45
Increase/(Decrease) in Other Financial Liabilities	0.61	0.89
Increase/(Decrease) in Other Current Liabilities	(3.50)	(3.11)
Increase/(Decrease) in Other Non-Current Liabilities	-	0.01
Increase/(Decrease) in Provisions	4.79	0.02
Cash Generated From Operations	99.30	123.93
Income Taxes paid (net of refunds)	(29.20)	(33.06)
Net Cash Flow from operating activities (A)	70.10	90.87
B. Cash Flow from Investing Activities:		
Capital expenditure (including Capital Work In Progress, Capital Advances and Capital Creditors)	(52.98)	(24.35)
Proceeds from Disposal of Property, Plant and Equipment	0.31	0.25
(Purchase)/Sale of Current Investments, Net (refer note 10a)	15.40	(39.44)
Redemption of Non-Current Investments	2.00	-
Movement in Unpaid Dividend Account	0.11	(0.08)
Proceeds/(Investments) in deposits, Net	(18.28)	19.86
Interest income received	8.14	5.68
Net Cash used in Investing Activities (B)	(45.30)	(38.08)
C. Cash Flow from Financing Activities:		
Dividends paid on equity shares	(38.47)	(38.44)
Net Cash used in Financing Activities (C)	(38.47)	(38.44)
Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]	(13.67)	14.35
Cash and Cash Equivalents at the Beginning of the Year	15.00	0.65
Cash and Cash Equivalents as at End of the Year (Refer Note 10c)	1.33	15.00

Note: The above Cash Flow Statement has been prepared under indirect method as set out in Ind AS - 7 Cash Flow Statement notified under the Section 133 of the Companies Act, 2013.

The accompanying notes are an integral part of the financial statements

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No.105047W/W101187

Geetha Jeyakumar

Partner
Membership No.029409

Place: Coimbatore
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Whole-time Director
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M A M Arunachalam

Chairman
(DIN-00202958)

Walter Vasanth P J
Company Secretary

On behalf of the Board of Directors
For Shanthi Gears Limited

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Shanthi Gears Limited ('the Company or SGL') with CIN No: L29130TZ1972PLC000649 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 5 May 2026.

2. Basis of Preparation

The financial statements ('FS') of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (as amended from time to time), (Ind AS compliant Schedule III), as applicable to the FS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities measured at fair value at the end of the reporting period. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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

3. Material Accounting Policies

3.1 Presentation and Disclosure of Financial Statements

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

- (a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;

- (c) It is expected to be realized within twelve months after the reporting date; or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

- (a) It is expected to be settled in the Company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within twelve months after the reporting date; or
- (d) The company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date.

An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.

If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

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

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

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.

NOTES TO FINANCIAL STATEMENTS

3.2 Fair Value Measurement

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

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

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

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

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

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

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

- (a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 — Valuation techniques for which the

lowest level input that is significant to the fair value measurement is unobservable

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

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

Use of Estimates

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

3.3 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Freehold land is measured at cost

NOTES TO FINANCIAL STATEMENTS

and not depreciated. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the fixed assets but excludes duties and taxes that are recoverable from tax authorities.

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

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, net of accumulated impairment loss, if any. Cost comprises direct cost and attributable interest. Once it has become available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

3.5 Investment Properties

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

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

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. The fair value of the investment properties is determined based on the capitalisation of net income method, where

the market rentals of all the leased units was considered.

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

3.6 Intangible Assets

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

3.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the

NOTES TO FINANCIAL STATEMENTS

individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

3.8 Inventories

Raw materials and stores & spare parts are valued at weighted average cost. Cost includes freight, taxes and duties and is net of credit under GST scheme, where applicable.

Work-in-process and finished goods are valued at lower of weighted average cost (net of allowances) and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

3.9 Revenue and Other Income

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The Company is the principal in all of its revenue arrangements since it typically controls the goods or services before transferring them to the customer.

However, Goods and Services tax (GST) are not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of Goods and Services:

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Rendering of Services:

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Interest Income:

For all investments, Interest income is recognised on time proportion basis, taking into account the amount outstanding and the interest rate.

Contract Balances:

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer

NOTES TO FINANCIAL STATEMENTS

before the Customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivable represents the Company's right to an amount of consideration that is unconditional.

3.10 Employee Benefits

I. Defined Contribution Plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

II. Defined Benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately in the Statement of Profit and Loss. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the changes in Service costs comprising current service costs, past-service costs and Net interest expense or income of the net defined benefit obligation as an expense in the Statement of Profit and Loss.

III. Long-Term Employee Benefits

The Company makes an annual contribution to LIC in satisfaction of its liability towards compensated absence of a long-term nature based on actuarial valuation on the Balance Sheet date using the Projected Unit Credit Method. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the yearend. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

IV. Short-Term Employee Benefits

Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at Credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

3.11 Foreign Currency Transactions

Initial recognition

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

Measurement as at Balance Sheet Date

Monetary Assets and Liabilities denominated in Foreign Currency are translated at functional currency spot rates at the reporting date.

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

NOTES TO FINANCIAL STATEMENTS

measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange differences

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

3.12 Depreciation and Amortisation

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

Description of Assets	Useful Life and Basis of Depreciation
Plant & Machinery	7.5 Years
Furniture & Fixtures	5 Years
Office Equipment	3 Years
Computer Software	3 Years
Vehicles	4 Years

Depreciation is provided on pro-rata basis from the date of Capitalisation. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

3.13 Taxes on Income

Tax expense comprises current tax expense and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and laws used to compute the amount of tax are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect

to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax is provided using the Balance Sheet approach recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of assets and liabilities. 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.

3.14 Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

Provision for liquidated damages are recognized based on the terms of the sales

NOTES TO FINANCIAL STATEMENTS

agreed with customers, the delivery date and the commitment date. The estimate of liquidated damages is reviewed annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.15 Earning per share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.16 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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at

fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at transaction price.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Debt instruments, derivatives and equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt Instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

NOTES TO FINANCIAL STATEMENTS

Debt instruments at FVOCI

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

Equity Instruments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

iii. De-recognition

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

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

iv. Impairment of financial assets

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

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

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

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial 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.

NOTES TO FINANCIAL STATEMENTS

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

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

B. Financial Liabilities

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, loans and borrowings including bank overdrafts and derivative financial instruments.

Supplier finance arrangements

The Company participates in supplier finance arrangements facilitated by financial institutions. Under these arrangements, the Company's trade payables to suppliers are settled by the financier, and the Company repays the financier on agreed dates.

Where the terms of the arrangement do not substantially modify the original trade payable obligation, including payment timing, collateral requirements and the nature of the counterparty, the liability continues to be presented as Trade Payables. Cash flows relating to such liabilities are presented within Operating Activities in the statement of cash flows.

Where the arrangement substantially modifies the liability such that its economic character is that of a borrowing, including significant

extension of payment terms, pledging of assets, or a direct financing relationship with the bank, the liability is reclassified as a Borrowing and related cash flows are presented within Financing Activities.

The Company reassesses the classification of supplier finance arrangements at each reporting date.

De-recognition

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

3.17 New and Amended Standards

i. Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information. The amendments do not have a material impact on the Company's financial statements.

ii. Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of

NOTES TO FINANCIAL STATEMENTS

Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025 retrospectively in accordance with Ind AS 8. The amendments do not have a material impact on the Company's financial statements.

iii. Amendments to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects

of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments do not have a material impact on the Company's financial statements.

iv. International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 April 2025, but not for any interim periods ending on or before 31 March 2026.

The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.

3.18 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.

Judgments

In the process of applying the Company's accounting policies, management has made

NOTES TO FINANCIAL STATEMENTS

the following judgments, which have the most significant effect on the amounts recognised in the Financial Statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. Timing of Revenue Recognition

The Company deals with the designing, manufacturing, supply and servicing of gears and gear boxes. The type of customers varies across these segments, ranging from dealers to Original Equipment Manufacturers, their suppliers, and Industrial Customers. The Company recognizes revenue from sale of goods at a point in time based on the terms of the contract with customers which may vary case to case. Terms of sales arrangements with various customers, including Incoterms, determine the timing of transfer of control and require judgment in determining the timing of revenue recognition.

b. 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. 3.11.

c. Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases

and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 28.

d. Provision for Warranty and Liquidated Damages

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

Provision for liquidated damages are recognized based on the terms of the sales agreed with customers, the delivery date and the commitment date. The estimate of liquidated damages is reviewed annually.

e. Allowances for Slow / Non-moving Inventory and Obsolescence

An allowance for Inventory is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

NOTES TO FINANCIAL STATEMENTS

4a - Property, Plant and Equipment

Particulars	Gross Block at Cost				Accumulated Depreciation			Net Block	
	As at 01 April 2025	Additions	Deletions	As at 31 March 2026	As at 01 April 2025	For the Year	Deletions	As at 31 March 2026	As at 31 March 2025
Freehold Land	3.49 (3.49)	0.17	-	3.66 (3.49)	-	-	-	3.66 (3.49)	3.49 (3.49)
Buildings	27.20 (25.45)	5.23 (1.96)	- (0.21)	32.43 (27.20)	9.45 (8.44)	1.20 (1.14)	- (0.13)	21.78 (17.75)	17.75 (17.01)
Plant & Machinery	121.31 (107.18)	33.58 (14.14)	3.88 (0.01)	151.01 (121.31)	76.12 (66.16)	11.79 (9.97)	3.88 (0.01)	84.03 (45.19)	45.19 (41.02)
Office Equipment	9.08 (6.04)	1.98 (3.07)	0.03 (0.03)	11.03 (9.08)	6.12 (5.05)	1.69 (1.10)	0.03 (0.03)	7.78 (6.12)	2.96 (0.99)
Furniture & Fixtures	2.60 (1.89)	0.67 (0.71)	0.02 (0.71)	3.25 (2.60)	1.84 (1.70)	0.27 (0.14)	0.02 (0.14)	2.09 (0.76)	0.76 (0.19)
Vehicles	2.03 (2.02)	0.77 (0.52)	0.39 (0.51)	2.41 (2.03)	0.90 (0.80)	0.56 (0.51)	0.21 (0.41)	1.25 (0.90)	1.13 (1.22)
Total	165.71	42.40	4.32	203.79	94.43	15.51	4.14	105.80	71.28
Previous Year	(146.07)	(20.40)	(0.76)	(165.71)	(82.15)	(12.86)	(0.58)	(71.28)	(63.92)

Notes:

- The title deeds of all immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- On transition to Ind AS (i.e. 1 April 2016), the Company has elected to continue with the carrying value of all Property, plant and equipment and Intangible Assets measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment and Intangible Assets respectively.
- The Company does not hold any benami property. No proceedings have been initiated or pending against the Company under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder as of the date of approval of these financial statements.
- Previous year figures are given in brackets

4b - Intangible Assets

Particulars	Gross Block at Cost				Accumulated Depreciation			Net Block	
	As at 01 April 2025	Additions	Deletions	As at 31 March 2026	As at 01 April 2025	For the Year	Deletions	As at 31 March 2026	As at 31 March 2025
Computer Software	2.78 (2.78)	0.60	-	3.38 (2.78)	2.42 (2.09)	0.44 (0.33)	-	2.86 (2.42)	0.35 (0.69)
Total	2.78	0.60	-	3.38	2.42	0.44	-	2.86	0.35
Previous Year	(2.78)	-	-	(2.78)	(2.09)	(0.33)	-	(0.35)	(0.69)

Note: Previous year figures are given in brackets.

NOTES TO FINANCIAL STATEMENTS

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

Particulars	As at 31 March 2026	As at 31 March 2025
Opening Balance as at the beginning of the year	4.90	4.10
Addition during the year	63.29	21.20
Transfers to Property, Plant and Equipment	(42.40)	(20.40)
Closing Balance as at the end of the year	25.79	4.90

CWIP Ageing Schedule (₹ Crores)

Particulars	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	31-Mar-26	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	31-Mar-25
Projects in progress	24.49	1.30	-	-	25.79	3.77	1.13	-	-	4.90
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	24.49	1.30	-	-	25.79	3.77	1.13	-	-	4.90

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2026 and 31 March 2025.

5. Investment Property (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Opening Balance as at beginning of the year	9.37	9.37
Addition during the year	-	-
Closing Balance as at end of the year	9.37	9.37
Depreciation and Impairment		
Opening Balance as at beginning of the year	1.94	1.83
Depreciation during the year	0.11	0.11
Closing Balance as at end of the year	2.05	1.94
Net Block as at the end of the year	7.32	7.43

Information regarding income and expenditure of Investment Property: (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Rental Income derived from Investment Properties (Refer Note 19)	1.32	1.29
Profit arising from Investment Properties before Depreciation and Indirect Expenses	1.32	1.29
Depreciation	(0.11)	(0.11)
Profit arising from Investment Properties before Indirect Expenses	1.21	1.18

The Company's investment properties consists of the property in Coimbatore and Mumbai which have been let out on rent. As on 31 March 2026, the fair value of the property is ₹ 43.13 crores (Previous year : ₹ 43.13 crores)

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

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

NOTES TO FINANCIAL STATEMENTS

6a. Investments

Particulars	Nominal Value per unit	Number of Units		Value (₹ Crores)	
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Investments at Amortised Cost:					
Investments in Tax Free Bonds - Quoted					
IRFC Tax Free Bonds	1,000	36,783	36,783	3.95	3.95
NHAI Tax Free Bonds	1,000	21,428	71,428	2.27	8.01
IREDA Tax Free Bonds	1,000	13,624	13,624	1.37	1.37
HUDCO Tax Free Bonds	1,000	11,629	11,629	1.16	1.16
NABARD Tax Free Bonds	1,000	4,008	4,008	0.40	0.40
RECL Tax Free Bonds	1,000	8,000	28,000	0.94	3.23
NHPC Ltd Tax Free Bonds	1,000	800	800	0.09	0.09
Total				10.18	18.21
Aggregate amount of quoted investments				10.18	18.21
Market value of quoted investments				10.78	17.87

6b. Other Financial assets - Non-Current

(At Amortised Cost, considered good and unsecured, unless stated otherwise) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Security Deposits		
Considered Good	5.53	5.16
Considered Doubtful	0.34	0.41
Less: Provision for credit impaired deposits	(0.34)	(0.41)
Receivable from Sale of Surplus Energy	1.03	1.03
Less: Provision for credit impaired other receivables	(1.03)	(1.03)
Fixed Deposits with banks (with remaining maturity period of more than 12 months)	-	2.10
Total	5.53	7.26

7. Deferred Tax Assets/(Liabilities) (Net) (₹ Crores)

Nature - (Liability)/Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Deferred Tax Liabilities				
Difference between depreciation as per books of account and the Income Tax Act, 1961	(0.27)	(0.72)	0.45	0.49
Deferred Tax Liabilities - A	(0.27)	(0.72)	0.45	0.49
Deferred Tax Assets				
Provision for Impairment of Trade Receivables	1.91	2.58	(0.67)	0.48
Provision for Employee Benefits	2.57	0.85	1.72	(1.07)
Provision for Inventories	2.26	1.49	0.77	(0.20)
Provision for Liquidated Damages & Other Liabilities	0.41	0.66	(0.25)	0.19
Provision for Impairment Of Other Financial Assets	0.14	0.40	(0.26)	(0.01)
Deferred Tax Assets - B	7.29	5.98	1.31	(0.61)
Net Deferred Tax Assets (A+B)	7.02	5.26	1.76	(0.12)

NOTES TO FINANCIAL STATEMENTS

Reconciliation of Deferred Tax Asset (Net) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Opening balance	5.26	5.37
Tax Expense during the year recognised in Statement of Profit and Loss	1.34	(0.11)
Tax Expense during the year recognised in OCI	0.42	(0.00)
Closing balance	7.02	5.26

8. Other non-current assets

(Considered Good, unless stated otherwise) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Capital Advances		
- Considered Good	0.32	7.72
- Considered Doubtful	-	-
	0.32	7.72
Less: Provision for credit impaired advances	-	-
	0.32	7.72
Balances with statutory authorities	1.05	1.05
Less: Provision for credit impaired balances	(1.05)	(1.05)
	-	-
Total	0.32	7.72

9. Inventories

(Lower of Cost or Estimated Net Realisable Value) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Raw Materials (Refer note (b) below)	59.78	37.50
Work-in-Progress	38.98	27.90
Finished Goods	13.20	13.82
Stores and Spare Parts	0.88	1.18
Total	112.84	80.40

Notes:

(a) As at 31 March 2026, ₹8.98 Cr was recognised as a provision for non-moving and slow moving inventories. (Previous year : ₹5.90 Crores)

(b) Includes goods in transit : ₹5.84 Crores (Previous year : ₹3.32 Crores)

10a. Investments (₹ Crores)

Particulars	Nominal Value per unit	Number of Units		Value	
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
(i) Investments at Amortised Cost:					
Investments in Tax Free Bonds - Quoted					
HUDCO Tax Free Bonds	1,000	-	6,813	-	0.70
IREDA Tax Free Bonds	1,000	-	10,000	-	1.04
PFC Tax Free Bonds	1,000	-	2,567	-	0.26
NHAI Tax Free Bonds	1,000	50,000	-	5.74	-
RECL Tax Free Bonds	1,000	20,000	-	2.29	-
Total				8.03	2.00

NOTES TO FINANCIAL STATEMENTS

Particulars	Nominal Value per unit	Number of Units		Value	
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Aggregate amount of quoted investments				8.03	2.00
Market value of quoted investments				7.46	1.96
Aggregate amount of unquoted investments				-	-
Aggregate amount of impairment in value of investments				-	-
(ii) Investments at Fair Value Through Profit and Loss (FVTPL):					
Investments in Mutual Funds - Quoted				57.28	68.28
Total Investments				65.31	70.28

During the year, the Company has invested an aggregate amount of ₹31.60 Cr. (Previous Year ₹165.89 Cr.) in the units of various Cash Management Schemes of mutual funds and other Investments, for the purpose of deployment of cash surplus. The total consideration received on the sale of units during the year was ₹47.00 Cr. (Previous Year ₹126.45 Cr.).

10b. Trade Receivables

(Unsecured) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Considered Good	117.52	144.20
Impairment Allowance	(1.90)	(7.00)
	115.62	137.20
Trade Receivables which have significant increase in credit risk	4.62	2.22
Impairment Allowance	(4.62)	(2.22)
	-	-
Total	115.62	137.20
Breakup of Trade Receivables (Customer Relationship)		
- From Related Parties (Refer Note 30)	1.43	1.34
- From Others	114.19	135.86

Reconciliation of Impairment for Trade Receivables (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Opening Balance as at beginning of the year	9.22	7.67
Created during the year	-	1.57
Bad Debts written off out of provision during the year	(2.20)	-
Reversed during the year	(0.50)	(0.02)
Closing Balance as at end of the year	6.52	9.22

Break-up of Trade Receivables as at 31 March 2026 (₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables – considered good	72.23	41.68	3.61	-	-	-	117.52
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	2.40	0.70	1.52	4.62

NOTES TO FINANCIAL STATEMENTS

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	72.23	41.68	3.61	2.40	0.70	1.52	122.14

Break-up of Trade Receivables as at 31 March 2025 (₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables – considered good	83.49	53.43	2.45	2.82	0.81	1.20	144.20
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	2.22	-	-	2.22
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	83.49	53.43	2.45	5.04	0.81	1.20	146.42

Trade Receivables are non-interest bearing and generally have credit period of a maximum of 120 days. For terms and conditions relating to Related Party receivables, Refer Note 30. There are no dues by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member. The Company has used a practical expedient by computing the expected credit loss allowances for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information.

10c. Cash and Cash Equivalents (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with Banks in Current Accounts	1.33	1.20
Fixed Deposit with Banks - Original Maturity less than 3 Months	-	13.80
Total Cash and Cash Equivalents as per Statement of Cash Flows	1.33	15.00

10d. Bank Balance Other than Cash and Cash Equivalents (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Unpaid Dividend accounts (Refer note below)	1.06	1.17
Fixed Deposits with Banks - Original maturity of more than 3 months but less than 12 months	72.82	48.59
Total	73.88	49.76

Note: There are restrictions on the bank balances held in unpaid dividend accounts

NOTES TO FINANCIAL STATEMENTS

10e. Loans

(At Amortised Cost, considered good and unsecured, unless stated otherwise) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Loans to employees	0.14	0.19
Total	0.14	0.19

10f. Other Financial assets

(At Amortised Cost, considered good and unsecured, unless stated otherwise) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Interest Accrued on Bank Deposits and Bonds	2.32	2.65
Fixed Deposits with banks (with remaining maturity period of less than 12 months)	16.50	20.35
Compensated absences (net)	0.60	0.30
Total	19.42	23.30

11. Other current assets

(Considered Good, Unsecured unless stated otherwise) (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid Expenses	1.76	2.56
Balances with statutory authorities	6.42	0.65
Advance to Suppliers		
- Considered Good	2.80	2.45
- Considered Doubtful	0.13	0.13
Less: Provision for credit impaired advances	(0.13)	(0.13)
Rental Advance	0.12	0.12
Total	11.10	5.78

12. Equity Share Capital (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Authorised Capital		
10,00,00,000 (Previous Year: 10,00,00,000) Equity Shares of ₹ 1/- each with voting rights	10.00	10.00
Issued, Subscribed and Paid-up Capital		
7,67,15,853 (Previous Year: 7,67,15,853) Equity Shares of ₹ 1/- each	7.67	7.67
	7.67	7.67

(i) Reconciliation of the equity shares and amount outstanding at the beginning and at the end of the reporting year: (₹ Crores)

Particulars	As at 31 March 2026		As at 31 March 2025	
	No. of Shares	Value	No. of Shares	Value
At the beginning of the year	76,715,853	7.67	76,715,853	7.67
Issue of Share Capital	-	-	-	-
At the end of the year	76,715,853	7.67	76,715,853	7.67

NOTES TO FINANCIAL STATEMENTS

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

Particulars	Number of shares	
	As at 31 March 2026	As at 31 March 2025
Out of the equity shares issued by the company:		
- Tube Investments of India Limited, Holding company	54,057,475	54,057,475

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

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of Shares	% against total number of shares	Number of Shares	% against total number of shares
Equity shares of ₹ 1/- each fully paid up with voting rights:				
Tube Investments of India Limited, the holding company	54,057,475	70.47%	54,057,475	70.47%

(iv) The Company has only one class of equity shares having par value of ₹ 1 per share. Each Equity Shareholder is entitled to one vote per share. Pursuant to the approval of the Board of Directors on 22 January 2026, the Company declared and paid an interim dividend of ₹ 23.01 Crs (Previous Year: ₹ 23.01 Crs) during the year ended 31 March 2026. The Board of Directors has proposed a final dividend of ₹ 2/- per Equity Share (As at 31 March 2025 - ₹ 2/-) for the year ended 31 March 2026 subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Ind AS 10, proposed final dividend of ₹ 15.34 Crs (As at 31 March 2025 - ₹ 15.34 Crs) is not recognised as a liability as on 31 March 2026.

(v) In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts and distribution will be in proportion to the number of equity shares held by the shareholders.

(vi) Details of shares held by promoters

Particulars	Promoter Name	Number of Shares at the beginning of the year	Change during the year	Number of Shares at the end of the year	% of Total Shares	% change during the year
As at March 31, 2026						
Equity Share of ₹ 1 each fully paid up	Ambadi Investments Limited	5,714	-	5,714	0.01%	0.00%
Equity Share of ₹ 1 each fully paid up	Tube Investments of India Limited	54,057,475	-	54,057,475	70.47%	0.00%
Equity Share of ₹ 1 each fully paid up	A M M Vellayan Sons P Limited	660	-	660	0.00%	0.00%
As at March 31, 2025						
Equity Share of ₹ 1 each fully paid up	Ambadi Investments Limited	5,714	-	5,714	0.01%	0.00%
Equity Share of ₹ 1 each fully paid up	Tube Investments of India Limited	54,057,475	-	54,057,475	70.47%	0.00%
Equity Share of ₹ 1 each fully paid up	A M M Vellayan Sons P Limited	500	160	660	0.00%	32.00%

NOTES TO FINANCIAL STATEMENTS

13. Other equity (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
General Reserve	204.29	204.29
Retained Earnings	232.05	193.75
Capital Redemption Reserve	0.52	0.52
Other Comprehensive Income	(4.47)	(3.24)
Total	432.39	395.32

General Reserve

Under the erstwhile Companies Act 1956, General Reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

(₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Balance at the beginning of the year	204.29	204.29
Additions during the year	-	-
Balance at the end of the year	204.29	204.29

Retained earnings

Retained earnings are the profits/(loss) that the Company has earned till date, dividends paid or other distributions paid to shareholders.

(₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Balance at the beginning of the year	193.75	136.08
Profit for the Year	76.66	96.03
Dividend paid during the year	(38.36)	(38.36)
Balance at the end of the year	232.05	193.75

Capital Redemption Reserve

The capital redemption reserve is created out of the statutory requirement to create such reserve on buyback of shares. These are not available for distribution of dividend and will not be reclassified subsequently to statement of profit and loss

(₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Balance at the beginning of the year	0.52	0.52
Additions during the year	-	-
Balance at the end of the year	0.52	0.52

NOTES TO FINANCIAL STATEMENTS

Other Comprehensive Income

This reserve represents the cumulative gains and losses arising on the re-measurement of defined benefit obligations.

(₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)		
Balance at the beginning of the year	(3.24)	(3.25)
Additions during the year (Refer Note 26)	(1.23)	0.01
Balance at the end of the year	(4.47)	(3.24)

14a. Other Non Current Liabilities (₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
Government Grant	0.48	0.48
Total	0.48	0.48

Government Grant (₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
Opening balance at the beginning of the year	0.48	0.48
Received during the year	-	-
Released to the Statement of Profit and Loss	-	-
Closing balance at the end of the year	0.48	0.48

Note: Government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipments accounted for as government grant. These grants will be recognized in statement of profit and loss on the basis of fulfillment of export obligation.

14b. Provisions - Non-current (₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
Provision for Gratuity (Refer Note 28b)	7.43	0.39
	7.43	0.39

15a. Trade Payables (₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
Trade Payables		
- Total Outstanding dues to micro enterprises and small enterprises (Refer Note 15a(i) below)	28.66	13.69
- Total Outstanding dues to creditors other than micro enterprises and small enterprises (Refer Note 15a(ii) below)	43.79	49.01
Total	72.45	62.70

NOTES TO FINANCIAL STATEMENTS

Note

15a(i) Details of Dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
Total Outstanding dues to micro enterprises and small enterprises and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	28.60	13.69
Interest accrued and due to suppliers under MSME Act, 2006 on the above amount	0.06	-
Amount of interest paid by the buyer in terms of section 16 of the MSME Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSME Act, 2006	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSME Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSME Act, 2006	-	-

Trade payables are non-interest bearing and are normally settled within a period of 180 days. For terms and conditions relating to Related Party payables, Refer Note 30. The information regarding the status, amounts overdue and related interest, if any on dues to micro or small enterprises has been determined on the basis of information available with the management.

15a(ii) Amount payable to related parties (₹ Crores)		
Particulars	As at 31 March 2026	As at 31 March 2025
- CG Power and Industrial Solutions Limited	0.14	0.20
- Tube Investments of India Limited	1.15	-
- Parry Enterprises India Limited	0.07	0.02
	1.36	0.22

Trade Payables Ageing Schedule as on 31 March 2026 (₹ Crores)						
Particulars	Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Total Outstanding dues to micro enterprises and small enterprises	28.48	0.18	-	-	-	28.66
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	32.61	11.18	-	-	-	43.79
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-	-	-	-	-	-
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	61.09	11.36	-	-	-	72.45

NOTES TO FINANCIAL STATEMENTS

Trade Payables Ageing Schedule as on 31 March 2025 (₹ Crores)

Particulars	Not Due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Total Outstanding dues to micro enterprises and small enterprises	13.50	0.19	-	-	-	13.69
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	39.00	10.01	-	-	-	49.01
(iii) Disputed Dues - dues to micro enterprises and small enterprises	-	-	-	-	-	-
(iv) Disputed Dues - dues to creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	52.50	10.20	-	-	-	62.70

The Company has entered into a supplier finance arrangement under RXIL scheme whereby the financier makes payments to the supplier on Company's behalf on submission by the supplier. The Company settles the outstanding amounts on the same due dates to the financier as agreed with supplier based on the terms and conditions agreed. As at March 31, 2026, the total amount payable to Financier is ₹0.48 Crs which has been presented with Trade Payables as included above. (31 March 2025 - ₹ Nil).

15b. Other Financial Liabilities (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Unpaid Dividends (Refer Note below)	1.06	1.17
Security Deposits Received	1.32	1.81
Capital Creditors	3.51	-
Employee benefits expense payable	5.70	6.13
Total	11.59	9.11

Note: Unpaid dividend does not include amount due and outstanding, to be credited to Investor Education and Protection Fund.

16. Other current liabilities (₹ Crores)

Particulars	As at 31 March 2026	As at 31 March 2025
Statutory Liabilities	1.13	5.80
Advances from Customers	20.42	19.68
Total	21.55	25.48

17. Provisions - Current

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for Liquidated Damages (Refer Note (ii) below)	0.26	1.28
Provision for Gratuity (Refer Note 28b)	1.13	0.77
Provision for Warranty (Refer Note (i) below)	0.64	0.58
Total	2.03	2.63

NOTES TO FINANCIAL STATEMENTS

Note:

(i) Provision for Warranty

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

(₹ Crores)		
Movement	As at 31 March 2026	As at 31 March 2025
At the Beginning of the year	0.58	0.35
Add: Provision created during the year	0.06	0.23
Less: Utilised during the year	-	-
At the end of the year	0.64	0.58

(ii) Provision for Liquidated Damages (₹ Crores)

Movement	As at 31 March 2026	As at 31 March 2025
At the Beginning of the year	1.28	1.86
Add: Provision created during the year	-	0.18
Less: Utilised during the year	(1.02)	(0.76)
At the end of the year	0.26	1.28

18. Revenue from Operations

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Revenue from Contract with Customers		
Sale of Products	506.39	590.16
Sale of Services	6.45	8.85
Revenue from Contract with Customers (A)	512.84	599.01
Other Operating Revenue		
Scrap Sales	4.54	4.45
Export Benefits (Duty Drawback and Export Incentive)	1.34	1.16
Other Operating Revenue (B)	5.88	5.61
Total (A+B)	518.72	604.62

The Company derives its revenue from contracts with customers for sales of goods and services at a point in time. There are no sales to external customers more than 10% of Total Revenue for the year ended 31 March 2026 and 31 March 2025.

The Company disaggregates revenue geography as below:

(₹ Crores)		
Geography	Year Ended 31 March 2026	Year Ended 31 March 2025
India	449.11	545.44
America	53.08	39.20
Europe	5.40	3.41
Others	11.13	16.57
Total	518.72	604.62

NOTES TO FINANCIAL STATEMENTS

Timing of Revenue Recognition (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Revenue recognised at a point in time	518.72	604.62
Total	518.72	604.62

Summary of Contract Balances: (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Trade Receivables	115.62	137.20
Advances from Customers	20.42	19.68

Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price: (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Revenue as per Contracted Price	520.91	607.23
Adjustments for Discounts and Liquidated Damages	(2.19)	(2.61)
Revenue as per Statement of Profit and Loss	518.72	604.62

19. Other Income (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Net gain arising on financial assets designated as at Fair Value through Profit or Loss (FVTPL)*	4.40	3.73
Interest Income on		
Fixed Deposits with Banks	6.41	5.69
Tax Free Bonds	1.40	1.45
Others	0.23	0.17
Other Non-Operating Income		
Rental Income	1.32	1.29
Gain on disposal of property, plant and equipment	0.13	0.07
Net gain on foreign currency transactions and translations	3.15	0.77
Reversal of Provision for Credit impaired Trade Receivables	0.50	-
Provisions/liabilities no longer required written back	1.96	1.38
Miscellaneous Income	0.13	0.11
Total	19.63	14.66

* Includes ₹0.88 Crs (Previous year: ₹1.34 Crs) for Fair Value Changes on Mutual Funds

20. Cost of Materials Consumed (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Opening Stock	37.50	40.40
Purchases of Raw Materials	277.40	279.07
Closing Stock	(59.78)	(37.50)
Total	255.12	281.97

NOTES TO FINANCIAL STATEMENTS

21. Changes in inventories of Finished goods and work in progress (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Inventories at end of the year		
Work-in-Progress	38.98	27.90
Finished Goods	13.20	13.82
	52.18	41.72
Inventories at beginning of the year		
Work-in-Progress	27.90	39.86
Finished Goods	13.82	4.19
	41.72	44.05
Net Decrease/(Increase) in inventories		
Work-in-Progress	(11.08)	11.96
Finished Goods	0.62	(9.63)
Total	(10.46)	2.33

22. Employee Benefit Expense (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Salaries, Wages and Bonus (Refer Note 30)	68.29	71.18
Contribution to Provident and Other Funds (Refer Note 28a)	2.81	2.72
Gratuity (Refer Note 28b)	1.21	0.69
Staff Welfare Expenses	6.37	7.10
Total	78.68	81.69

23. Depreciation and amortization expense (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Depreciation of Property, Plant and Equipment (Refer Note 4a)	15.51	12.86
Depreciation of Investment properties (Refer Note 5)	0.11	0.11
Amortisation of Intangible Assets (Refer Note 4b)	0.44	0.33
Total	16.06	13.30

23a. Exceptional Item - Statutory Impact of New Labour Code

On 21 November 2025, the Government of India has notified the four Labour Codes - the code on Wages 2019, the Industrial relations code 2020, the Code on Social security, 2020 and the occupational Safety, Health and Working conditions code 2020 - consolidating 29 existing labour laws. The Ministry of labour & Employment published draft Central rules and FAQs to enable assessment of Financial impact due to changes in regulations. The Company has assessed and disclosed the incremental impact of these changes on the basis of actuarial valuation obtained and the best information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. The incremental impact in the provisions for Defined benefit obligation amounting to ₹4.78 Crs in the financial statements for the year ended 31 March 2026 arises primarily due to change in the wage definition, and has been presented as "Statutory impact of new labour code" under "Exceptional items". The Company continues to monitor the finalization of Central/State Rules and the clarification from the Government on the other aspects of the Labour code and would provide appropriate accounting effect on the basis of such developments as needed.

NOTES TO FINANCIAL STATEMENTS

24. Other Expenses

(₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Consumption of Stores and Spares	7.92	8.18
Subcontracting Charges	24.80	30.77
Power and Fuel	13.96	15.71
Rent	0.36	0.28
Repairs and Maintenance - Building	1.36	1.87
Repairs and Maintenance - Machinery	9.58	17.40
Repairs and Maintenance - Others	1.79	1.44
Other maintenance expenses	2.15	1.85
Insurance	0.65	0.65
Rates and Taxes	1.09	3.32
Software Expenses	2.30	2.56
Communication	0.23	0.23
Bad debts written off (net written off out of Provision - ₹ 2.27 Crs (Previous year - ₹ Nil)	-	-
Travelling and Conveyance	2.93	3.34
Printing, Stationery and Communication	0.40	0.43
Freight, Delivery and Shipping Charges	7.46	8.71
Commission	0.74	0.43
Advertisement and Publicity	1.06	1.04
Payments to auditors (Refer Note 24.(i) below)	0.19	0.16
Expenditure on Corporate Social Responsibility (Refer Note 24.(ii) below)	2.19	1.72
Professional & Consultancy charges	3.14	2.98
Service Fees	3.00	3.00
Provision for credit impaired trade receivables (Net)	-	1.55
Provision for credit impaired other receivables (Net)	-	0.34
Provision for Warranty	0.06	0.23
Commission to Non Executive Directors	2.25	0.28
Directors' sitting fees	0.11	0.12
Bank Charges	0.36	0.44
Miscellaneous Expenses	1.39	0.87
Total	91.47	109.90

Note

24. (i) Auditor's Remuneration

(₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Payment to Auditors comprise		
For Statutory Audit	0.18	0.15
For Tax Audit	0.01	0.01
Total	0.19	0.16

NOTES TO FINANCIAL STATEMENTS

24. (ii) Corporate Social Responsibility

(₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Gross amount required to be spent by the Company during the year	2.19	1.72
Amount spent during the year		
(i) Construction/acquisition of any asset	1.04	0.19
(ii) On purposes other than (i) above	1.15	1.53
Total	2.19	1.72
Shortfall at the end of the year	Nil	Nil
Reason for shortfall	Not Applicable	Not Applicable
Nature of CSR activities	1) Education 2) Environmental sustainability 3) Health Care 4) Rural Development	1) Education 2) Environmental sustainability 3) Poverty Eradication 4) Promotion of Sports 5) Sanitation
Details of related party transactions	Nil	Nil

25. Income Tax Expense

The major components of income tax expense for the years ended 31 March 2026 and 31 March 2025 are:

(₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Current Tax:		
Current Income Tax Charge	27.38	33.95
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(1.34)	0.11
Income Tax Expense reported in the Statement of Profit and Loss	26.04	34.06
Other Comprehensive Income		
Tax Effect on Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	(0.42)	0.00
Income Tax charged to OCI	(0.42)	0.00

NOTES TO FINANCIAL STATEMENTS

Reconciliation of tax expense and accounting profit multiplied by India’s domestic tax rate for 31 March 2026 and 31 March 2025:

The tax on the Company’s profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (25.168%) as follows:

	(₹ Crores)	
Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Accounting Profit Before Tax	102.70	130.09
Profit before income tax multiplied by standard rate of corporate tax in India of 25.168% (Previous year: 25.168%)	25.85	32.74
Effects of:		
Income Exempt from tax	(0.35)	(0.34)
Permanent Disallowances	0.53	0.49
Other Disallowances	(0.41)	1.17
Income Tax expense reported in the Statement of Profit and Loss	25.62	34.06

26. Components of Other Comprehensive Income (OCI) (₹ Crores)

Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Re-measurement Gain/(Loss) on Defined Benefit Obligations (Net)	(1.65)	0.01
Income Tax relating to Item that will not be reclassified to Statement of Profit and Loss in subsequent periods	0.42	(0.00)
Other Comprehensive Income for the year	(1.23)	0.01

27. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit after tax for the year and the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit after tax for the year and the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares if any.

	(₹ Crores)	
Particulars	Year Ended 31 March 2026	Year Ended 31 March 2025
Profit After Tax	76.66	96.03
Weighted average number of Equity Shares		
- Basic	76,715,853	76,715,853
- Diluted	76,715,853	76,715,853
Earnings Per Share of ₹ 1 each		
- Basic (in ₹)	9.99	12.52
- Diluted (in ₹)	9.99	12.52
Weighted average number of Equity Shares in calculating Basic Earnings Per Share	76,715,853	76,715,853
Weighted average number of Equity Shares in calculating Diluted EPS	76,715,853	76,715,853

NOTES TO FINANCIAL STATEMENTS

28. Employee Benefits Obligation

a. Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll cost to fund the benefit. The Company recognised ₹2.65 Crores (Previous year ₹2.51 Crores) for Provident Fund contribution, ₹0.16 Crores (Previous year ₹0.21 Crores) for Employee State Insurance Scheme to charge in the Statement of Profit and Loss. The contribution payable to these plans by the Company are at the rates specified in the rules of the scheme.

b. Defined Benefit Plan

(i) Gratuity

Under the Gratuity plan operated by the Company, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per the Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the Balance Sheet.

	(₹ Crores)	
A. Change in defined benefit obligation	31 March 2026	31 March 2025
1 Defined benefit obligation at beginning of year	11.21	10.96
2 Service cost		
a. Current service cost	1.13	0.65
3 Plan Amendments on implementation on new labour code	4.57	-
4 Interest expenses	0.73	0.71
5 Cash flows		
a. Benefit payments from plan	(1.09)	(1.09)
6 Re-measurements		
a. Effect of changes in financial assumptions	(1.35)	(0.04)
b. Effect of experience adjustments	2.84	0.02
c. Effect of Demographic assumptions	0.16	-
7 Defined benefit obligation at end of year	18.20	11.21

	(₹ Crores)	
B. Change in fair value of plan assets	31 March 2026	31 March 2025
1 Fair value of plan assets at beginning of year	10.05	10.24
2 Interest income	0.65	0.67
3 Cash flows		
a. Total employer contributions	0.03	0.25
b. Benefit payments from plan assets	(1.09)	(1.10)
4 Re-measurements		
a. Return on plan assets (excluding interest income)	-	(0.01)
5 Fair value of plan assets at end of year	9.64	10.05

	(₹ Crores)	
C. Amounts recognized in the Balance Sheet	31 March 2026	31 March 2025
1 Defined benefit obligation	18.20	11.21
2 Fair value of plan assets	9.64	10.05
3 Funded status	(8.56)	(1.16)
4 Defined benefit liability/(asset) (net)	(8.56)	(1.16)

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

D. Components of Defined Benefit Obligation (Net)	31 March 2026	31 March 2025
1 Service cost		
a. Current service cost	1.13	0.65
2 Plan Amendments on implementation on new labour code	4.57	-
3 Net interest cost		
a. Interest expense on Defined Benefit Obligation	0.73	0.71
b. Interest income on plan assets	0.65	0.67
c. Net interest cost	0.08	0.04
4 Re-measurement of defined benefit obligations (Net) (recognized in OCI)		
a. Effect of changes in financial assumptions	(1.35)	(0.04)
b. Effect of experience adjustments	2.84	0.02
c. Effect of demographic assumptions	0.16	-
d. Return on plan assets (excluding interest income)	-	0.01
e. Total re-measurement included in OCI	1.65	(0.01)
5 Total defined benefit cost recognized in P&L and OCI	7.43	0.68

(₹ Crores)

E. Employer Expense (P&L)	31 March 2026	31 March 2025
a. Current service cost	1.13	0.65
b. Plan Amendments on implementation on new labour code	4.57	-
c. Interest expense on Defined Benefit Obligation (net)	0.08	0.04
d. Expenses recognised in Statement of Profit or Loss	5.78	0.69

(₹ Crores)

F. Reconciliation of Other Comprehensive Income (OCI) (Re-measurement)	31 March 2026	31 March 2025
1 Recognised in OCI as at the beginning of the year	(4.37)	(4.38)
2 Recognised in OCI during the year	(1.65)	0.01
3 Recognised in OCI as at the end of the year	(6.02)	(4.37)

(₹ Crores)

G. Sensitivity analysis	31 March 2026	31 March 2025
1 Discount rate + 1%	(0.90)	(0.60)
2 Discount rate - 1%	0.99	0.66
3 Salary Increase Rate + 1%	0.82	0.61
4 Salary Increase Rate - 1%	(0.80)	(0.58)
5 Attrition Rate + 1%	(0.12)	(0.13)
6 Attrition Rate - 1%	0.10	0.14

NOTES TO FINANCIAL STATEMENTS

H. Significant actuarial assumptions	31 March 2026	31 March 2025
1 Discount Rate	7.44%	6.84%
2 Salary Escalation Rate	9.00%	10.00%
3 Attrition Rate	12.00%	15.00%
4 Retirement Age	58	58
5 Pre-retirement mortality	Indian Assured Mortality (2012-14)	Indian Assured Mortality (2012-14)
6 Disability	5% of mortality rate rates	5% of mortality rate rates

I. Data	31 March 2026	31 March 2025
1 Number of Employees	479	503
2 Average Age (years)	44.45	44.26
3 Average Past Service (years)	15.33	13.70
4 Average Monthly Salary	49,101	25,044
5 Years of Future Service	13.55	13.74
6 Weighted average duration of Defined Benefit Obligation	11.41	11.31

(₹ Crores)

J. Expected cash flows for following year	31 March 2026	31 March 2025
1 Expected employer contributions	1.13	0.77
2 Expected total benefit payments		
Year 1	1.82	1.00
Year 2	1.59	0.99
Year 3	2.03	0.87
Year 4	2.22	1.14
Year 5	1.24	1.14
Next 5 years	5.94	3.76
Pay-outs Above Ten Years	3.39	2.31

(₹ Crores)

K. Defined benefit obligation at end of year	31 March 2026	31 March 2025
Current Obligation	1.13	0.77
Non-current Obligation	7.43	0.39

Notes:

- The entire Plan assets are invested in life insurer managed funds with the Life Insurance Corporation of India.(LIC)
- The expected return on Plan assets is as furnished by Life Insurance Corporation of India.(LIC)
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

NOTES TO FINANCIAL STATEMENTS

C. Long Term Compensated Absence

Actuarial assumptions	31 March 2026	31 March 2025
Discount Rate	7.44%	6.84%
Future Salary Increase	9.00%	10.00%
Attrition Rate	12.00%	15.00%
Expected Return on Plan Asset	6.84%	6.84%

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

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

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

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

29. Capital Commitments and Contingencies

29a. Contingent Liabilities

(₹ Crores)

Sl.No.	Particulars	As at 31 March 2026	As at 31 March 2025
i	Claims against the Company not acknowledged as debts	0.55	0.55
ii	Disputed Excise Duty on Inter Unit transfer of Machinery - Duty of ₹0.76 Crs and Penalty of ₹0.76 Crs. The Appellate Tribunal has passed the order and the matter is pending before Jurisdiction Officer	1.52	1.52
iii	Penalty under Section 122(2)(b) of CGST Act, 2017 read with Section 74	0.66	2.02

29b. Capital Commitment

(₹ Crores)

Sl.No.	Particulars	As at 31 March 2026	As at 31 March 2025
i	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	16.87	19.58
ii	Export Obligation under EPCG/Advance License scheme to be fulfilled. The Company is confident of meeting its obligation under the scheme within the stipulated period	2.88	2.88

Notes:

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.

NOTES TO FINANCIAL STATEMENTS

30. RELATED PARTY DISCLOSURE

a. List of related parties

Name of the Related Party	Relationship
Tube Investments of India Limited	Holding Company
Financiere C 10 and its subsidiaries namely,	Fellow Subsidiaries
- Sedia SAS	
- Sedis Company Limited	
- Sedis GmbH	
Great Cycles (Private) Limited	
Creative Cycles (Private) Limited	
CG Power and Industrial Solutions Limited and its subsidiaries	
- CG Adhesive Products Limited (formerly known as CG PPI Adhesive Products Limited)	
- CG International Holdings Singapore Pte Limited	
- CG Power Equipments Limited	
- CG Sales Networks Malaysia Sdn. Bhd.	
- PT Crompton Prima Switchgear Indonesia	
- CG International B.V.	
- CG Drives & Automation Netherlands B.V.	
- CG Drives & Automation Germany GmbH	
- CG Industrial Holdings Sweden AB	
- CG Power Americas, LLC	
- CG DE Sub, LLC (formerly known as "QEI, LLC")	
- CG Semi Private Ltd	
- G G Tronics India Private Limited (w.e.f. 20 August 2024)	
- Axiro Semiconductor Private Limited (incorporated on 29 October 2024)	
- Axiro Semiconductor Inc. (incorporated on 23 December 2024)	
- Axiro Semiconductor Turkey Arastirma ve Gelistirme A.S. (Incorporated on 7 March 2025)	
- Axiro Semiconductor (Shenzhen) Co. Ltd. (Incorporated on 20 March 2025)	
TI Clean Mobility Private Limited and its subsidiaries	
- IPLTech Electric Private Limited	
- TIVOLT Electric Vehicles Private Limited	
- Jayem Automotives Private Limited	
- TICMPL Technology (Shenzhen) Co Limited (incorporated on 19 June 2024)	
TI Medical Private Limited	
3xper Innoventure Limited and its subsidiary	
- 3xper Innoventure Labs Limited (incorporated on 22 August 2024)	
Kcaltech System India Private Limited	
Ambadi Investments Limited	Company having Significant Influence and its subsidiaries
Parry Agro Industries Limited	
Parry Enterprises India Limited	
Aerostrovilos Energy Private Limited	Associate and Joint Venture of Holding Company
Chola Foundation	
TICL Brands (India) Private Limited	
X2Fuels and Energy Private Limited	

NOTES TO FINANCIAL STATEMENTS

Name of the Related Party	Relationship
Mr. M Karunakaran - Whole Time Director	Key Management Personnel (KMP)
Mr. Walter Vasanth P J - Company Secretary	
Mr. Ranjan Kumar Pati - Chief Financial Officer (till 19 March 2026)	
Mr. M A M Arunachalam	Non Executive Directors
Mr. L Ramkumar	
Mr. Mukesh Ahuja	
Ms. Soundara Kumar (Retired w.e.f., 30 July 2025)	
Mr. S K Sundararaman	
Mr. Arun Venkatachalam	
Mr. A Venkataramani	
Ms. Aruna Thangaraj (Appointed w.e.f., 30 July 2025)	
Mr. Krishna Samaraj (Retired w.e.f., 29 July 2024)	
Mr. Balamurugan J (Retired w.e.f., 29 July 2024)	

b. During the year the following transactions were carried out with the related parties in the ordinary course of business: (₹ Crores)

Transaction	Related Party	Year ended 31 March 2026	Year ended 31 March 2025
Services Fees Paid	Tube Investments of India Limited	3.00	3.00
Dividend Paid	Tube Investments of India Limited	27.03	27.03
Sales of Goods and Services rendered	Tube Investments of India Limited	0.88	7.20
Purchases of Goods	CG Power and Industrial Solutions Limited	2.89	2.16
	CG Power and Industrial Solutions Limited	1.57	1.44
	Tube Investments of India Limited	0.04	0.12
Sitting Fees and Commission	Non Executive Director	2.36	0.39
Sale of Property, plant and equipment	Key Managerial Personnel	0.09	-
Reimbursement of Expenses received	Tube Investments of India Limited	0.05	-
Reimbursement of Employee Benefit and Other Costs	Tube Investments of India Limited	1.13	1.16
Booking of Air Tickets - Expenses Incurred	Parry Enterprises India Limited	0.88	1.15
Remuneration	Key Managerial Personnel	2.39	1.38
Trade Payables	CG Power and Industrial Solutions Limited	0.14	0.20
Trade Receivables	Parry Enterprises India Limited	0.07	0.02
	Tube Investments of India Limited	1.15	-
	Tube Investments of India Limited	0.48	1.34
	CG Power and Industrial Solutions Limited	0.95	-

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

Particulars	As at 31 March 2026	As at 31 March 2025
- Salaries and Allowances	2.37	1.37
- Perquisites	0.02	0.01

As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the key managerial personnel are not included above. The amounts pertaining to the key managerial personnal in respect of variable pay has also not been included as the provision has been made for the Company as a whole.

NOTES TO FINANCIAL STATEMENTS

Terms and Conditions of transactions with Related Parties

The sale to and purchases from Related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in Cash. For the year ended 31 March 2026 and 31 March 2025, the Company has not recorded any impairment of receivables relating to amounts owed by Related Parties.

31. Segment Reporting

The Company's main business is manufacture, design and servicing of Gearboxes & Gear Products. The Chief Operating Decision Maker (CODM i.e. Board of Directors) review the operating results as a whole for the purposes of making decisions about resources to be allocated and assess its performance and hence, the entire operations are to be classified as a single business segment. The geographical segments considered for disclosure are India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 - Operating Segments.

Revenue from External Customers (₹ Crores)		
Particulars	Year ended 31 March 2026	Year ended 31 March 2025
India	449.11	545.44
Outside India	69.61	59.18
Total	518.72	604.62

Non - Current Operating Assets (₹ Crores)		
Particulars	Year ended 31 March 2026	Year ended 31 March 2025
India	148.93	117.15
	148.93	117.15

Reconciliation of Segment assets and liabilities to amounts reflected in the Financial Statements (₹ Crores)		
Segment Assets	As at 31 March 2026	As at 31 March 2025
Segment Assets	548.57	499.06
Add: Deferred Tax Assets	7.02	5.26
Total	555.59	504.32

(₹ Crores)		
Segment Liabilities	As at 31 March 2026	As at 31 March 2025
Segment Liabilities	115.53	101.33
Add: Deferred Tax Liabilities	-	-
Total	115.53	101.33

32. Operating Leases

The Company has cancellable operating lease agreements for office space. As per the lease terms an amount of ₹0.36 Crs (Previous year - ₹0.28 Crs) is charged to Statement of Profit and Loss. As lessor, the Company realized an income of ₹1.32 Crs (Previous year - ₹1.29 Crs) on properties under leases. All the lease agreements entered into by the company as a lessee are with lease terms of 12 months or less. The Company applies "Short Term Lease" exemption for these leases.

NOTES TO FINANCIAL STATEMENTS

33. Details of unhedged foreign currency exposures (₹ Crores)

Particulars	Currency	As at 31 March 2026		As at 31 March 2025	
		Foreign Currency	INR (₹ in Crores)	Foreign Currency	INR (₹ in Crores)
Trade Receivables	USD	1,947,371	18.47	1,731,929	14.80
	EURO	107,820	1.18	175,890	1.59

34. Fair Values (₹ Crores)

Particulars	Carrying Value		Fair Value	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Financial Assets				
Non-Current Investments	10.18	18.21	10.78	17.87
Current Investments	65.31	70.28	64.74	70.24
Trade Receivables	115.62	137.20	115.62	137.20
Cash and Cash Equivalents	1.33	15.00	1.33	15.00
Other Bank Balances	73.88	49.76	73.88	49.76
Other Financial Assets - Current	19.42	23.30	19.42	23.30
Loans	0.14	0.19	0.14	0.19
Other Financial Assets - Non Current	5.53	7.26	5.53	7.26
Total	291.41	321.20	291.44	320.82
Financial Liabilities				
Trade Payables	72.45	62.70	72.45	62.70
Other Financial Liabilities - Current	11.59	9.11	11.59	9.11
Total	84.04	71.81	84.04	71.81
Assets for which fair values are disclosed				
Investment Properties	7.32	7.43	43.13	43.13
Total	7.32	7.43	43.13	43.13

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- i. The fair values of investments and mutual funds are derived from quoted market prices in active markets

NOTES TO FINANCIAL STATEMENTS

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

Particulars	Level 1		Level 2		Level 3	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Financial Assets						
Measured at Amortised Cost						
Non - Current Investments	10.78	17.87	-	-	-	-
Current Investments	7.46	1.96	-	-	-	-
Total	18.24	19.83	-	-	-	-
Measured at Fair Value through Profit or Loss (FVTPL)						
Current Investments	57.28	68.28	-	-	-	-
Total	57.28	68.28	-	-	-	-
Assets for which fair values are disclosed						
Investment Properties	-	-	-	-	43.13	43.13
Total	-	-	-	-	43.13	43.13

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2026 and 31 March 2025 are given below:

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Investment Property as at 31 March 2026	Discounted Cash Flow (DCF) Model	Discount Rate	4.04% - 4.46%	5% Sensitivity : 4.46% - ₹(2.04 Crores) 4.04% - ₹2.27 Crores
Investment Property as at 31 March 2025	Discounted Cash Flow (DCF) Model	Discount Rate	4.04% - 4.46%	5% Sensitivity : 4.46% - ₹(2.04 Crores) 4.04% - ₹2.27 Crores

35. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company. The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The Company is equity financed and has always been a net cash company with cash and bank balances along with investment which is predominantly invested in liquid and short-term mutual funds.

36. Financial risk management objectives and policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

NOTES TO FINANCIAL STATEMENTS

A. MARKET RISK

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

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to 5% appreciation in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Foreign Currency Sensitivity Analysis					(₹ Crores)
Particulars	Nature	As at 31 March 2026		As at 31 March 2025	
		Profit or Loss	Equity	Profit or Loss	Equity
USD:					
Increase by 5%	Receivables	0.92	0.69	0.74	0.55
Decrease by 5%	Receivables	(0.92)	(0.69)	(0.74)	(0.55)
EURO:					
Increase by 5%	Receivables	0.06	0.04	0.08	0.06
Decrease by 5%	Receivables	(0.06)	(0.04)	(0.08)	(0.06)

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 ₹291.41 Crores as at 31 March 2026 and ₹321.20 Crores as at 31 March 2025, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, mutual fund investments and other financial assets.

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. At 31 March 2026, the Company has 1 customer (31 March 2025: 1 customer), the receivables from whom exceeds 5% of total receivables which amounts to approximately 8% (31 March 2025: 6%) of all the total receivables outstanding.

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

NOTES TO FINANCIAL STATEMENTS

(₹ Crores)

Trade Receivables	31 March 2026			31 March 2025		
	Gross	Provision	Net	Gross	Provision	Net
Not Due	72.23	0.07	72.16	83.49	0.09	83.40
Less than 6 months	41.68	0.83	40.85	53.43	1.12	52.31
More than 6 months	8.23	5.62	2.61	9.50	8.01	1.49
Total	122.14	6.52	115.62	146.42	9.22	137.20

Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Company's treasury department. The objective is to minimise the concentration of risks and therefore mitigate financial loss.

C. LIQUIDITY RISK

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks.

The table below provides details regarding the contractual maturities of financial liabilities.

(₹ Crores)

Contractual maturities of financial liabilities	Carrying Amount	Less than 3 months	4 to 12 months	More than 1 year	Total
Year ended 31 March 2026					
Trade Payables	72.45	72.45	-	-	72.45
Other Current Financial Liabilities	11.59	11.59	-	-	11.59
Year ended 31 March 2025					
Trade Payables	62.70	62.70	-	-	62.70
Other Current Financial Liabilities	9.11	9.11	-	-	9.11

37. Financial Ratios

S No.	Particulars	Year ended			Reasons (if variance is more than 25%)
		31 March 2026	31 March 2025	% Change	
(i)	Current Ratio (Current Assets/Current Liabilities)	3.71	3.80	-2.32%	
(ii)	Debt Service Coverage Ratio (EBITDA/Finance Cost + Principal repayment on long term borrowing)	NA	NA	NA	
(iii)	Inventory Turnover Ratio (Net Sales/Average Inventory)	5.37	7.30	-26.46%	Due to reduction in sale during the year
(iv)	Trade Payables Turnover Ratio (Net Credit Purchases/Average Trade Payables)	4.11	4.73	-13.21%	
(v)	Debt-Equity Ratio (Debt/Equity)	NA	NA	NA	
(vi)	Return on Equity Ratio (Net Profit after Taxes Less Preference Dividend/ Average Shareholder's Equity)	18.19%	25.67%	-29.14%	Due to reduction in profit during the year

NOTES TO FINANCIAL STATEMENTS

S No.	Particulars	Year ended			Reasons (if variance is more than 25%)
		31 March 2026	31 March 2025	% Change	
(vii)	Trade Receivables Turnover Ratio (Net Credit Sales/Average trade receivables)	4.10	4.74	-13.43%	
(viii)	Net Capital Turnover Ratio (Net Sales/Average Working Capital)	1.81	2.36	-23.37%	
(ix)	Return on Capital Employed (PBIT/Average Capital Employed)	25.50%	34.77%	-26.66%	Due to reduction in profit during the year
(x)	Return on Investment (Income from Investments/Average Investments)	6.59%	7.03%	-6.26%	
(xi)	Net Profit Margin (PAT/Total Sales)	14.78%	15.51%	-4.71%	

38. Other Information

- (i). The Company does not have any transactions with Companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (ii). The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii). The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv). No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v). No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf.
- (vi). The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)
- (vii). The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- (viii). The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix). No Schemes of Arrangements have been applied or approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013.

39. Details of Research and Development (R&D) expenses

S No	Particulars	31 March 2026	31 March 2025
(i)	Capital Expenditure	3.71	4.85
(ii)	Revenue Expenditure	2.73	2.60

Note: Research and Development expenses of Revenue nature have been classified under the relevant heads of accounts in the Statement of Profit and Loss and the expenditure of capital nature is grouped under PPE/CWIP.

NOTES TO FINANCIAL STATEMENTS

40. Information relating to Proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 on Audit Trail

- a. The Company has used two accounting software systems for maintaining its books of account. In respect of one of the software systems, the audit trail feature was enabled at the application level for additional tables for the relevant transactions and at the database level for logging direct data changes through the year. The audit trail feature has remained operational from the date of enablement and to the best of the Company's knowledge, has not been tampered with. The Company has retained the audit trail data, to the extent enabled and recorded, in accordance with applicable statutory requirements.
- b. With respect to the software used for recording payroll transactions, the audit trail feature was enabled at the application level throughout the year. The database servers for this application are hosted and managed by a third-party service provider. In the absence of Service Organisation Controls (SOC) reports, we are unable to confirm whether the audit trail feature was enabled at the database level throughout the year. The audit trail data, to the extent enabled and recorded, has been preserved in line with statutory requirements.

41. Standards notified but not yet effective

The amendments to the standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company will adopt these amendments to the standards, when they become effective.

(i) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and Ind AS 10 Events after the Reporting Period

Ind AS 10 has been amended to remove the previous treatment under which a lender’s post reporting date waiver—granted before the financial statements were approved for issue—of a breach of a material covenant in a long term loan arrangement that occurred on or before the end of the reporting period, resulting in the liability becoming payable on demand at the reporting date, was regarded as an adjusting event.

For annual reporting periods beginning on or after 1 April 2026, any breach of a covenant—whether material or immaterial—occurring on or before the reporting date will, in accordance with Ind AS 1, require the related liability to be classified as current, unless the lender has granted a waiver of the breach on or before the reporting date and has agreed not to demand repayment for at least 12 months after the reporting date as a consequence of the breach. Such a waiver shall be treated as an adjusting event.

The amendments are effective for annual reporting periods beginning on or after 1 April 2026 retrospectively in accordance with Ind AS 8. The amendments are not expected to have an impact on the financial statements of the Company.

42. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 5 May 2026

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)

Chartered Accountants
ICAI Firm Registration No.105047W/W101187

Geetha Jeyakumar
Partner
Membership No.029409

Place: Coimbatore
Date: 05 May 2026

On behalf of the Board of Directors
For Shanthi Gears Limited

M Karunakaran
Whole-time Director
(DIN-09004843)

M A M Arunachalam
Chairman
(DIN-00202958)

Walter Vasanth P J
Company Secretary

Notes

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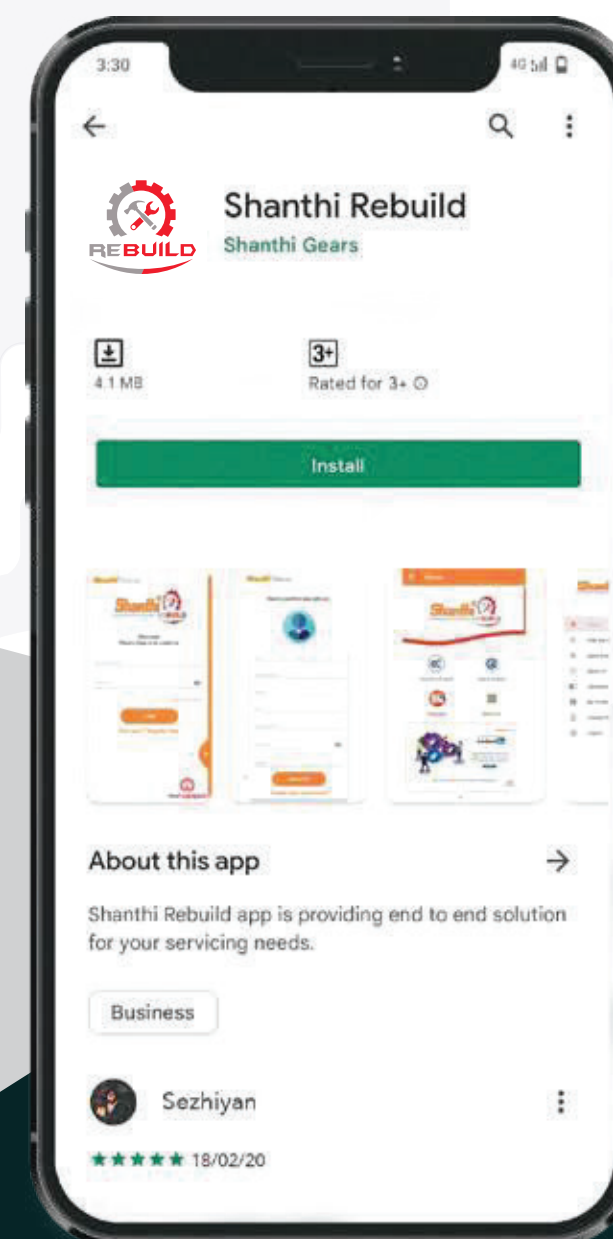
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