

October 21, 2020

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

BSE Ltd,
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

Total 6 pages (including covering letter)

Dear Sir,

Sub: Outcome of Board Meeting

Further to our letter dated 12th October, 2020, we write to inform that at the meeting held today (21st October, 2020), the Board of Directors *inter alia* considered and approved the Unaudited financial results of the Company for the second quarter ended 30th September, 2020 in the detailed format under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Limited Review report of M/s. Deloitte Haskins & Sells, Chartered Accountant & Statutory Auditor of the Company. The same is enclosed for your records and uploading in your website. A copy of the same will be uploaded in the Company's website www.shanthigears.com. An extract of the aforesaid financial results in the manner prescribed under the SEBI Listing Regulations will be published in English and Tamil newspapers within the time stipulated.

A copy of the press release made with regard to the unaudited financial results for the second quarter ended 30th September, 2020 is further enclosed.

For your information, the Board Meeting commenced at 11.30 A.M. and concluded at 1.20 P.M.

Please take the above on your record.

Thanking you,

Yours faithfully,
For **SHANTHI GEARS LIMITED**


C. Subramaniam
Company Secretary

Encl: As above

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF SHANTHI GEARS LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **SHANTHI GEARS LIMITED** ("the Company") for the quarter and six months ended September 30, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



M N Balaji
Partner
Membership No. 202094
UDIN: 20202094AAAAEP7156

Place : Bengaluru
Date : October 21, 2020

Shanthi Gears Limited

CIN: L29130TZ1972PLC000649

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Email: cs@shanthigears.murugappa.com | Website:www.shanthigears.com

Statement of Unaudited Financial Results for the Quarter and Six months ended 30 September 2020

Financial Information

₹ Crores

SI No	Particulars	Quarter ended			Six Months ended		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from Operations	53.70	25.13	70.91	78.83	142.66	242.29
	Other Income	1.72	1.80	1.88	3.52	3.16	6.53
	Total Income	55.42	26.93	72.79	82.35	145.82	248.82
2	Expenses						
	(a) Cost of materials consumed	21.87	12.91	31.58	34.78	63.22	111.98
	(b) Changes in Inventories of finished goods and work-in-progress	4.68	(1.10)	3.12	3.58	6.62	3.81
	(c) Employee benefits expense	10.71	11.28	12.84	21.99	24.25	48.23
	(d) Depreciation and amortisation expense	2.12	2.08	2.14	4.20	4.21	8.39
	(e) Other expenses	7.86	6.30	11.22	14.16	23.02	43.72
	Total Expenses	47.24	31.47	60.90	78.71	121.32	216.13
3	Profit before tax (1-2)	8.18	(4.54)	11.89	3.64	24.50	32.69
4	Tax Expense						
	Current tax	0.58	-	3.05	0.58	5.34	6.21
	Deferred tax	0.97	(0.96)	0.48	0.01	1.35	1.29
	Total tax expense	1.55	(0.96)	3.53	0.59	6.69	7.50
5	Profit for the periods / year after tax (3-4)	6.63	(3.58)	8.36	3.05	17.81	25.19
6	Other Comprehensive Income (net of tax)						
	Items not to be reclassified to profit or loss in subsequent periods						
	Re-measurement gains and (losses) on defined benefit obligation (net)	-	-	-	-	-	(1.35)
	Income tax relating to Item that will not be reclassified into profit or loss	-	-	-	-	-	0.46
	Other Comprehensive Income for the period / year						(0.89)
7	Total Comprehensive Income (5+6)	6.63	(3.58)	8.36	3.05	17.81	24.30
8	Paid up Equity Share Capital (Face Value of ₹1 each)	7.67	7.67	7.67	7.67	7.67	7.67
9	Reserves and Surplus (i.e Other Equity)						220.95
10	Earnings Per Share (EPS) of Face value of ₹1 each (Not annualised for the quarters)						
	Basic EPS ₹	0.86	(0.47)	1.09	0.40	2.32	3.28
	Diluted EPS ₹	0.86	(0.47)	1.09	0.40	2.32	3.28

Notes

- The above Financial Results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at the meeting held on 21 October 2020.
- The above results have been subjected to Limited Review by Statutory Auditors.
- The Company's main business is manufacture of Gears and Gear Products. There are no separate reportable segments as per Ind AS 108 - Operating Segments
- The outbreak of COVID-19 pandemic has affected the Company's regular operations. Accordingly, the Company has considered the possible effects that may result from the pandemic on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external information which are relevant in determining the expected future performance of the Company. The Company has evaluated its liquidity position, recoverability of such assets and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.
- The above financial results are also available on our website www.shanthigears.com
- Previous period figures have been regrouped wherever necessary.

For Shanthi Gears Limited



L Ramkumar
Chairman

Place : Chennai
Date : 21 October 2020



Shanthi Gears Limited
Statement of Cash Flows for the Six Months ended 30.09.2020

₹ Crores

Particulars	Six Months ended 30.09.2020	Six Months ended 30.09.2019
A. Cash Flow from Operating Activities		
Profit for the year	3.05	17.81
Adjustments for:		
Depreciation of property, plant and equipment	4.15	4.16
Depreciation of investment properties	0.05	0.05
(Profit)/Loss on Property plant & equipment Sold / Discarded (Net)	(0.20)	(0.30)
Income tax expense	0.59	6.69
Interest income	(1.80)	(0.22)
Dividend income	(0.69)	(2.01)
Net gain arising of financial assets measured at fair value through profit or loss	(0.24)	-
Provision for doubtful trade receivables	(0.43)	(0.27)
Bad debts written off	-	0.06
Operating Profit before Working Capital / Other Changes	4.48	25.97
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	1.82	6.89
Trade receivables	1.66	(4.40)
Other financial assets	(0.58)	(0.28)
Other current assets	1.32	(1.21)
Other non-current assets	0.59	(2.46)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(2.40)	(4.20)
Other current liabilities	2.87	(0.76)
Other long-term liabilities	-	0.05
Short-term provisions	(0.06)	(0.28)
Cash generated from operations	9.70	19.32
Net income tax paid	(1.85)	(4.83)
Net cash generated by Operating activities (A)	7.85	14.49
B. Cash flow from Investing activities		
Capital expenditure on fixed assets, including capital advances	(4.19)	(3.58)
Proceeds from sale of property plant and equipments	0.25	0.30
Long term investments (Net)	-	(1.06)
Purchase of current investments and deposits	(76.06)	(41.80)
Proceeds from current investments and deposits	70.87	91.73
Interest received		
- Others	0.29	0.09
Dividend received		
- Others	0.69	2.01
Net cash flow from/ (used in) Investing activities (B)	(8.14)	47.69
C. Cash flow from Financing activities		
Dividends paid on equity shares	-	(7.67)
Tax on dividend	-	(1.58)
Buyback of shares	-	(70.00)
Net cash flow used in Financing activities (C)	-	(79.25)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(0.29)	(17.07)
Cash and cash equivalents at the beginning of the year	1.99	19.74
Cash and cash equivalents at the end of the period (including other balances with banks)	1.70	2.67

For and on behalf of the Board of Directors



L. Ramkumar
Chairman

Place : Chennai
Date : 21 October 2020



Shanthy Gears Limited
Statement of Assets and Liabilities

₹ Crores

	Particulars	As at 30.09.2020 (Unaudited)	As at 31.03.2020 (Audited)
I.	Assets		
1	Non-current Assets		
	(a) Property, plant and equipment	53.04	52.18
	(b) Capital work-in-progress	6.80	6.37
	(c) Investment Property	7.09	7.26
	(d) Intangible assets	0.23	0.33
	(e) Financial Assets		
	(i) Investments	27.67	27.67
	(f) Deferred Tax Assets (net)	4.13	4.13
	(g) Other non-current assets	8.14	9.80
	Total non-current assets	107.10	107.74
2	Current Assets		
	(a) Inventories	59.02	60.84
	(b) Financial Assets		
	(i) Investments	26.23	51.65
	(ii) Trade Receivables	36.53	38.19
	(iii) Cash and Cash Equivalents	0.94	1.06
	(iv) Other balances with banks	0.76	0.93
	(v) Other financial assets	48.49	13.86
	(c) Current Tax Assets (Net)	1.03	1.53
	(d) Other current assets	6.42	7.23
	Total current assets	179.42	175.29
	TOTAL ASSETS	286.52	283.03
II.	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share capital	7.67	7.67
	(b) Other Equity	224.03	220.95
	Total Equity	231.70	228.62
	Liabilities		
1	Non-current Liabilities		
	(a) Financial Liabilities		
	(i) Other Long-Term Liabilities	1.38	1.38
	(b) Provisions	0.16	0.16
	Total non current liabilities	1.54	1.54
2	Current Liabilities		
	(a) Financial Liabilities		
	(i) Trade Payables		
	- Due to micro enterprises and small enterprises	0.36	3.21
	- Others	27.36	26.91
	(ii) Other financial liabilities	0.76	0.93
	(b) Provisions	0.38	0.44
	(c) Other current liabilities	24.42	21.38
	Total current liabilities	53.28	52.87
	Total Liabilities	54.82	54.41
	TOTAL EQUITY AND LIABILITIES	286.52	283.03

For and on behalf of the Board of Directors



L Ramkumar
Chairman

Place : Chennai
Date : 21 October 2020



Financial Results of Shanthi Gears Limited

Revenue at ₹ 53.7 Crs and PBT ₹ 8.2 Crs in Q2

The Board of Directors of Shanthi Gears Limited (SGL) a subsidiary of Tube Investments of India Limited (TII), met today and approved the financial results for the quarter and six months ended 30th September, 2020.

Highlights

The Company continues to focus on 4 key priorities of Revenue growth, Profitability, ROCE and Free Cash Flow (FCF).

- Revenue of ₹ **53.7** Crores in the quarter with a 24% degrowth over Q2 of previous year.
- The Profit before tax for the quarter was at ₹ 8.2 Crores as against ₹ 11.9 Crores in Q2 of previous year.
- Focus on cost optimisation and lower capital employed enabled to sustain the Return on average Capital Employed (ROCE) to **19%** during Q2.
- The Company generated operating free cash flow of ₹ 9.8 Crores during Q2 and Free cash flow to PAT is 148 % in Q2

During the quarter the Company booked orders for ₹ 76 Crores (against ₹ 61 Crores for corresponding quarter of the previous year). Pending orderbook as on 30th September 2020 was ₹ 187 Crores against ₹ 145 Crores in the previous year.