

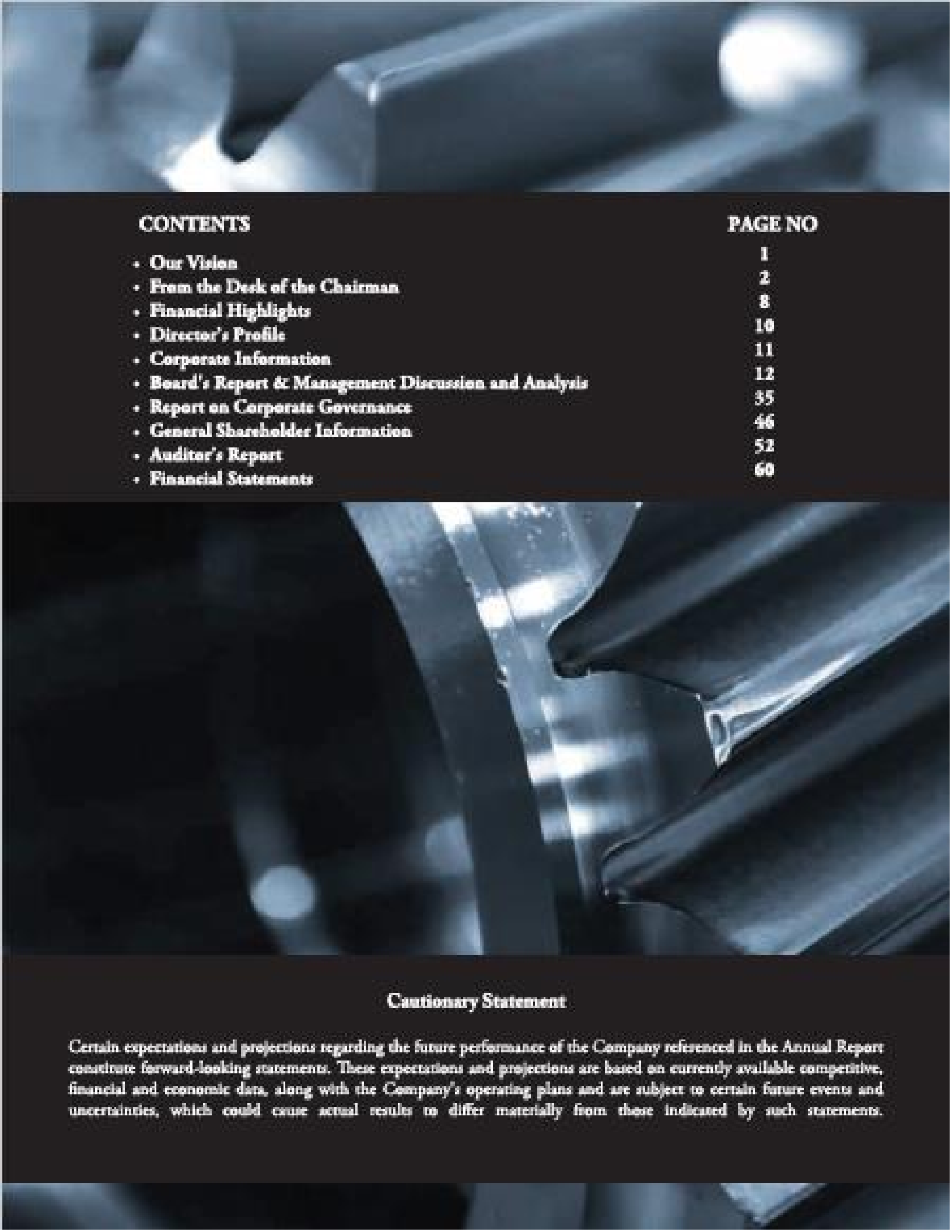


Shanthi **Gears**

SHANTHI GEARS LIMITED

46th Annual Report
2018-19 **Shanthi**  **Gears**





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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.

Our Vision

To be admired as a Reliable Partner for Mechanical Power
Transmission Solutions



From the Desk of The Chairman



Dear Shareholders,

In 2018-19 Shanthi Gearz Ltd (SGL) continued its growth trajectory. Sales grew by 14% to ₹ 243 Crores and Profit Before Tax grew by 28% to ₹ 42 Crores. There was specific focus on a few sectors that helped us grow the orderload in the domestic market. Your company intensified its efforts in the overseas markets. The results of these marketing efforts would be seen in the coming years.

SGL deepened its relationships with the customers by a number of Customer Connect Programmes across sectors and geographies thereby enhancing its brand image.

Our participation in national and international Fairs and Exhibitions have given us and our capability much visibility. We are working on a number of programmes for import substitution with the customers. SGL continued to execute prestigious orders in the gear box servicing segment. Your company has established itself as the most reliable service provider in servicing critical Gear Boxes for various industries. Our R & D and Engineering functions have been adequately resourced to take care of the emerging product range and technologies.

During the year under review, your company sharpened its focus on productivity and efficiency parameters of all resources. Return on Capital Employed and Free cash flow were closely monitored and improved. The plants executed much higher levels of orders than the previous year by sweating the assets and making marginal investments in bottleneck equipments. We continue to procure state of the art precision equipments for critical applications. Dedicated teams with IT support are constantly striving to improve servicing of customer orders.

I thank all my fellow Board members for their timely inputs and support to the Company. I welcome Mr. Vellayan Subbiah and Mr. Krishna Samaraj to the Board. They bring with them rich experience that would help them provide guidance to the Company. We look forward to their valuable inputs in the coming years. I would like to thank Mr. Rajiv Narayana-moorthy for his contribution to the Company as CEO. He set the course for SGL to deliver sustainable profitable growth. On behalf of the Board of Directors I thank him for the leadership provided by him for over 3 years he has been with the Company and wish him well in his future endeavours. I welcome Mr. Karunakaran, the new CEO and wish him all the best to take this Company to new heights. I would like to thank our diligent and committed employees around the country for continuing to provide the highest level of service to our clients.

I thank each of our stakeholders be it customers, suppliers, vendors, bankers and shareholders for their continued support for which my colleagues and I are most grateful. I would like to express my gratitude to all our stakeholders for their strong confidence in SGL.

Sincerely,

L. Ramakumar

IRIS Certification

The *first Asian Company* to get IRIS (International Railway Industry Standard) – ISO / TS 22163: 2017 certificate from BVI



Channel Partners Meet and Connect Program - Coimbatore, Nov-18



InnoTrans exhibition-Germany, Sep-18



Collaborative partnering with Customers & Channel partners

Accelerating change and transformation with advanced manufacturing and design capabilities, sustainable processes, empowered people force, Customer partnering, value creation and increasing global footprint - Shanthi Gears is gaining momentum.

We strive to achieve operational excellence by developing quality products. Customer responsiveness and improvement in service quality remained the key focus during the year. The Company focused on various production processes and ensured that product quality is maintained. Regular customers visit, channel partners meet, participation in exhibitions and seminars helped us to improve the customer relationship, trust and confidence.

Our reliable products are backed by service solutions, which minimise the downtime for our customers. We provide health monitoring services for all types of critical gearboxes. We also maintain inventory for critical spares of gear boxes.

Our highly trained field service specialists provide lifetime support and strive to help our customers in avoiding expensive downtime. Our repair and retrofitting solutions are offered across industrial applications. Our service offerings and solutions include emergency breakdown support for repairing, faster delivery of spare parts, diagnostics at site, troubleshooting, reverse engineering, dimensional measurements at site, etc.

DefExpo exhibition-Chennai, Apr-18



Participated in MMMM exhibition-New Delhi, Oct-18 and was awarded second position for best stall



Collaborative Work Culture

Shanthi Gears believe in Collaborative Work Culture as we found most effective answer to the biggest business challenges of the day lies in people. To collaborate with a sense of purpose and energy around an outcome makes a big difference. We believe that motivation and true empowerment can make bigger impact on companies and their sustainability.

At Shanthi, the team is driven by growth mindset which means the Organizational Structure is redesigned to suit for new solutions and new business models. Commitment to growth is imparted across the levels, fostered awareness on changing market needs and improved/upcoming technologies.

More work done in improving employee engagement space. Attention is given to improve the engagement scores in every possible way. Recognizing and rewarding their achievements is always found to be effective.

Individual Development Plans (IDPs) are in place for building leadership pipeline. At Shanthi, we consciously work on providing Hi-Pot, an environment to motivate them and take up bigger responsibilities, proving the required skill matrix and right attitude.



Commitment to Stakeholders and Society

Inclusive growth and Sustainable Community development are strong pillars of your Company's responsible corporate citizenship initiatives. Your Company being a part of the Murugappa Group has been upholding this tradition by allocating a part of its income for carrying out its social responsibilities.

The Company has identified 3 schools in rural areas of Coimbatore and provided Infrastructure and Sanitation facility.



IIMPACT (IA) with the support of Shanthi Gears has mobilized and motivated non-school going and drop out girls, aged 6-14, from economically and socially backward families in the rural areas of Raigarh District, Chhattisgarh, providing them quality primary education.

As a committed and environment friendly organisation, the Company adhere to the highest standards in Environment Management and have been accredited with ISO 14001 certificate. The Company is also accredited with ISO 45001:2018 for occupational health and safety management systems, reinforcing its commitment for providing and maintaining a safe and hygiene working environment.

Our high standards of Governance in all its activities is driven by the Five Lights - Spirit of the Murugappa Group



Financial Highlights

