

MANAGEMENT: Prashant Khattry - Head (Legal) & Company Secretary
Surinder Paul Kanwar - Chairman & Managing Director
V. K. Pargal - Director

ANALYSTS: Mr. Bhutani
Raj Bahadur Jain
Manjeet Singh

Presentation

Prashant Khattry: You may start the proceeding, Sir.

Surinder Paul Kanwar: Good morning, everyone. It gives me a great pleasure to welcome you all to the 48th Annual General Meeting of the company. Due to the novel Corona virus COVID-19 outbreak in the country and pursuant to the various circulars issued by the Ministry of Corporate Affairs, the 48th Annual General Meeting is being conducted by electronic means through VC/OAVM platform InstaMeet provided by the Registrar and transfer agent Intime India Private Limited.

The notice and annual report of the financial year 2019-'20 was sent only by electronic mode to the members whose email address are listed with the company and depository.

Now I introduce Directors and senior management to the shareholders. Mr. Samir Kanwar, Joint Managing Director; Mr. Rakesh Chopra, Non-Executive Independent Director, Chairman of Audit Committee and Stakeholder Relations Committee; Mr. V. K. Pargal, Non-Executive Independent Director, Chairman Of Nomination and Remuneration Committee; Mr. W. R Schilha, Non-Executive Independent Director; Mr. N. V. Srinivasan, Non-Executive Director; Ms. Hiroo Suresh Advani, Non-Executive Independent Director, and myself, Surinder Paul Kanwar.

The senior management, Mr. Naresh Varma, Corporate HR Operations; Mr. Jagdeep Singh, Business Head, After Market; and Mr. Milind Pujari, Chief Financial Officer; Mr. K. K. Deshpande, Head of OE Marketing and Business Development and Mr. Prashant Khattry Head of Legal and Company Secretary.

Now, I will advise Mr. Prashant Khattry, Head-Legal, Company Secretary to provide general instruction to the members regarding participation in this meeting. Mr. Prashant, please go ahead.

Prashant Khattry:

Thank you, sir. Good morning everyone. Members may note that this Annual General Meeting is being held through videoconference in accordance with the Companies Act 2013 and circular issued by the Ministry of Corporate Affairs and SEBI.

Facility for joining this meeting through video conference, on audio visual mode -- means is made available for the members on first-come-first-served basis. There are certain prerequisites for members to join this meeting. Any internet-enabled device such as laptop, smartphone or tablet. You should have good internet connectivity without proxy and firewalls. Recommended speed is 2 Mbps for all the viewers. Members connecting from mobile devices or tablets or through laptop connectivity via mobile hotspot may experience audio-visual loss due to fluctuation in their network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

You should also ensure that you should use earphones for better sound quality. Ensure no other background applications are running. Ensure your WiFi or broadband is not connected to any other device, have proper lighting in the room and minimize the background sound if any. Ensure that the background is bright and enable your camera setting while speaking.

As the AGM is held through videoconference, the facility for appointing of proxies for the members was not available and hence the proxies register for inspection is not available. The register of directors and key managerial person, and register of contracts or arrangements has been made available electronically for inspection by the members during this AGM.

Members who would like to ask questions to the panelists may ask their queries via active chat box, during the meeting and during speaking sessions, since you've already registered for the same. Please remember your speaking serial number, which will be appearing in the voting registration message once you mark your attendance for the meeting. You're requested to speak only when you will be invited to speak as per your serial number.

Members who have not exercised their vote through the remote e-voting may click the voting button, cast your vote, which is appearing on the right hand side of your VC meeting screen. You may enter your Demat account number or your folio number as the case may be and the OTP which you have received on the registered

mobile number, or your registered email id during registration for InstaMeet and vote.

Now I request Chairman Sir to kindly proceed with the meeting.

Surinder Paul Kanwar: Prashant, please confirm the quorum is present.

Prashant Khattry: Sir, quorum is present.

Surinder Paul Kanwar: The report of Statutory Auditor on the financial statement and the Secretarial Audit report of the company for the year ended 31 March, 2020 does not contain any qualification reservation or adverse remarks which need any explanation or comment of the Board.

Dear Shareholders,

On behalf of the Board of Directors, It gives me great pleasure to welcome you all to the 48th Annual General Meeting of your Company.

I would have liked to meet and address you in person, but as you are aware, we are convening this meeting over a virtual platform due to the prevailing unprecedented circumstances due to the spread of Corona Virus.

I am thankful to all of you for sparing the time to join this meeting from wherever you are located. I hope you and your family members are healthy and safe.

In global macro-economic terms, 2019 was a challenging year. Factors including concerns over trade wars, geopolitical tensions, tight financial conditions and the widespread outbreak of COVID-19 pandemic in the fourth quarter of FY 2020 forced the entire world into a lockdown and has inflicted a global economic recession.

Stringent restrictions imposed to curtail the spread of the virus and the subsequent nationwide lockdown have disrupted livelihoods, supply chains and overall economic activity in the country.

The government has announced an enormous Rs. 20 lakh Crores economic package under the 'Atmanirbhar Bharat Abhiyan' to help the economy tide over the crisis. It focusses on making India self-reliant and places special emphasis on medium and small businesses, agriculture, labourers, urban and rural poor.

Automotive sector had witnessed some challenges even before the Pandemic during the year due to overall economic slowdown, credit crunch, low consumer spending, higher purchase costs and transition to newer emission standards.

Further, the rapid spread of COVID-19 pandemic has significantly impacted the automotive sector in India by way of supply chain disruptions, crippled production due to shutdown of manufacturing units. Further, consumer sentiment is seen falling on account of growing uncertainty surrounding the pandemic.

As per the recent statement of Director General, SIAM, “the month of July was significantly better than the preceding months and it instilled some confidence into the industry. Many OEMs have registered improved sales vis-à-vis the past few months, and this brings back a sentiment of resolve to the sector”.

Further, the Government’s ambitious infrastructure programmes and fast-tracking of ongoing projects will contribute to demand growth of construction equipment.

FY 2019-20 was a challenging year for your Company. During the year, our gross revenue fell Rs. 131.15 Crores to Rs. 468.00 Crores from Rs. 599.15 Crores in the previous year.

There is a net loss of Rs. 18.78 Crores as compared to net profit of Rs. 12.53 Crores in FY 2018-19.

The gears business saw a drop of Rs. 115.95 Crores to Rs. 408.04 Crores, down from Rs. 523.99 Crores in FY 2018-19.

Even though our results were affected by external conditions, we did not pause in our commitment to invest in our business. This ensures that we are strongly positioned to strengthen our business over the coming years and move to a high growth trajectory.

We continue to leverage upon technology upgradation, process innovations and retrofitting and refurbishing of machines to continuously enhance our productivity and efficiency.

Having incurred significant investments over the last two years in installation of finest equipment and machinery and highly automated operations, we are controlling our capital expenditure spends. We continue to pursue with consolidation of capex and

modernisation of existing capacities, with a strategic focus on cost controls and increasing margins.

We are expanding our business to include new and innovative market leading products that are aligned with customer needs. You would be delighted to know that your Company is also exploring opportunities in laser hydraulic parts and components for passenger cars. This will help us to attract new business opportunities and grow our portfolio.

Our product mix comprises a range of gears and shafts, along with spiral bevel gears and differential gears.

We continue to focus on increasing market share in automotive and construction equipment industries as compared to our strong presence in agriculture.

At the same time, we are augmenting our global footprint across major markets of North America and Europe. Our endeavor is to become a global player with presence across countries and growing our domestic business.

Though the short-term economic outlook may appear gloomier in the wake of the pandemic, government stimulus package and gradual resumption of economic activities are expected to revive consumer sentiment.

With the rapidly changing situation in the automotive market, it is exciting to see what opportunities it holds for the business. Electric vehicles and strict emission norms are the trends shaping the direction of the industry which will require extensive R&D to get the right technology solution. This will involve huge investments in people, products, capital, technology and newer markets. For us, this scale of change is a boost to our growth strategy.

Further, there is a positive focus towards agriculture and infrastructure segments, which will benefit the drive momentum of your Company.

Before I conclude, I would like to extend my sincerest gratitude to our Board of Directors, Senior Management, employees, customers, partners, business associates, Banks, Lenders, Dealers and all our stakeholders for their undying faith and support. Each one of them are a part of our exciting and enriching journey. We continue to seek value creation for our stakeholders and persevere in building a sustainable business. Here, hoping for a brighter and stronger future together. Thank you.

Now I will take the agenda item as per the notice of the AGM for members to cast their vote electronically.

Ordinary business

Item number 1- To receive and consider to adopt financial statement of the company for the year ended 31 March, 2020 together with the report of Directors and Auditors thereon.

Special Business

Item number 2- To consider reappointment of Mr. Rakesh Chopra, a Non-Executive Independent Director on the Board of the Company.

Item number 3 - To consider the reappointment of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director on the Board of the company.

Now I request Mr. V. K. Pargal to take over the item number 4. Mr. Pargal?

V. K. Pargal: To consider the reappointment of Mr. Surinder Pal Kanwar as Chairman and Managing Director of the company.

Surinder Paul Kanwar: Thank you.

Item number 5 - To consider the reappointment of Mr. Nagar Venkatraman Srinivasan who retired by rotation and is eligible for reappointment as a Non-Executive Director of the Board of the company, liable to retire by rotation.

Item number 6 - To consider, ratify the remuneration payable to M/s M.K. Kulshrestha & Associates, Auditor of the company for the Financial Year 2019-20.

Item number 7 - To consider ratify the remuneration payable to M.K. Kulshrestha & Associates cost auditor for the company for the Financial Year 2020-21.

Members can cast their vote by electronic means before conclusion of this meeting and resolution passed shall be declared within the prescribed time limit.

Now the meeting is open to take the queries from the shareholder.

Members who have registered themselves as the speaker may ask their queries as per the sequence and other members who have not registered as speaker may ask their query via active chat board.

Mr. Prashant, kindly read all the queries of the panelists to reply.
Prashant?

Prashant Khattry: First is, Mr. Praveen Kumar, who is wishing the Company good luck for the future target.

Second is Mr. Shyam Krishnan Agarwal who wants to ask us about how the company is going to revive after this COVID pandemic situation?

Other shareholders have also asked the same query, how the company is coping up with this Corona pandemic?

Surinder Paul Kanwar: Thank you all the shareholders. As you know, the Corona, is going on and it is very difficult to answer thing how it is going to get out, we are all praying god to get out of this situation. This entire world is facing serious issues with it. But overall, I must say that we have coped up well and are running all the three plants for around 75% to 80% and except Mumbra plant which is on the lower side because Corona has affected more in that area.

So hopefully things are looking brighter. Market is looking good, agriculture market is looking brighter. And I expect commercial vehicle will also towards the last quarter will pick up and we should be online.

Any other question, Prashant?

Prashant Khattry: Sir, speaker shareholder is available. Can I bring them into the panel?

Surinder Paul Kanwar: Please.

Moderator: Mr. Bhutani, you can ask your question?

Mr. Bhutani: Thank you very much sir. Hello, Mr. Chairman. Chairman Sir, as you said, and we saw the last year was challenging especially last quarter. Since March last year, not only entire nation, but the entire world was in shutdown. There is a huge scope for the company to increase their turnover in last quarter of the year, which was affected due to lockdown. I would like to know, what steps company is taking to strengthen it for increasing shareholders' value what they are paid,

what is the net debt position of the company in comparison with FY 2018-19? And what is the planning of the company about geographical expansion.

Sir, is there any plan of the company in the coming time by way of any means to meet the challenges and working capital requirement? What is our action plan and asset quality movement and capital improvement? And what measure company has adopted to maintain and increase the revenue and profitability?

Sir, with virtual audit has taken place in the first quarter. And I want to know, if this concept will be continued post the pandemic also? Sir, we are happy that our company has done much in the last year, but we are not content at all because we believe the company has much more potential than what it has delivered. We feel that the company is far general in its thinking, leaner in its working and stronger in its commitment and more responsible as our management is so good and built business with ethics, values and contributing to its commitment through education and others way.

Sir, I hope, this next quarter will be good, that is third quarter for our company to build back to pre-COVID-19 level of the business. I hope your deeds will be as per our aspirations and that the Company will come in the earlier position, that is before the level of -- before the pre-COVID-19 position.

Surinder Paul Kanwar: Yes, Mr. Bhutani, we are all working on the cost effective measures. I think as you know the company invested quite heavy in the last two years. And we are trying to control debt and everything in the right frame of thing. And I'm sure with the market coming back in the second quarter onwards things will improve. And it is going to take time, may be six to eight months till this Corona becomes normal. So we are all working on the same time line, we see the results of the second quarter which will be much better than the last quarter.

The first quarter was totally washed out because of the closure of the company. And I'm confident that next quarter onwards we will pick up the situation in a positive way. Thank you. Any other question?

Moderator: Sir, our next speaker shareholder available is Mr. Raj Bahadur Jain. Mr. Raj Bahadur Jain, please ask your questions?

Raj Bahadur Jain: Am I audible?

Prashant Khattry: Yes, sir. You're audible. Please proceed.

Raj Bahadur Jain:

Good morning to all the Board of Directors and my fellow shareholders. We are passing through very, very tough times. And I appreciate all the directors, all the employees of the company taking care of this. I'm particularly happy with the AFC-Holcroft heat treatment furnace collaboration. It gives me pleasure to convey to all my fellow shareholders that this is a very worthwhile collaboration. This can take the company forward to new heights.

With our renowned customers this augurs well for the company. Our IATF certification also augurs very well for our company. Although revenue is down from INR599 crore to almost INR468 crores, but knowing the status of the automobile industry, in particular, the preceding year has been very well known to all of us.

So I'm not very, very surprised with this. But the surprising thing for me is that our profits from INR12.5 crore has come down to a loss of almost INR18 crores - INR19 crores. This is a little bit surprising to me. Management has talked about increase in productivity and efficiency. This should augur very well for all of us shareholders.

And I would like to point out one thing, that our market share in commercial vehicle is a miniscule 3%. It's just too low. There's no critical mass in 3%. So can we increase it to a little bit realistic, let's say about 8% or 10% level? If so, I think that would be great for our company. That would be just great for our company.

Thank you so much. And conveying all my gratitude to all my fellow shareholders and Directors. And may god bless you all very good health. Thank you.

Prashant Khattry:

Sir, we have received two question in the meantime.

Surinder Paul Kanwar:

Prashant, let me finish with Mr. Jain. Basically our situation what you mentioned about the Holcroft that is good. We are doing very well with them. But the question is the capital equipment? It all depend on the investment in the country, how it is going to be there. And that same situation we will be only working on that line.

Second coming on the point, as you said about the loss. That basically is because of the revenue loss, because the turnover has come down and that has affected towards the bottom line. So where commercial vehicles are concerned, our share is much higher. It's not 3%. On average, if you ask me the question, we are in agriculture roughly 50%, 55%. The balance is our commercial -- major in the commercial

vehicle and utility vehicles. And commercial vehicle in India and even international has been dropped. As you know in India especially because the new norms coming of emission, Euro VI market has been down for the last eight, nine months. And hopefully things will move through and we will be picking up on the commercial vehicle also. And the share of market is not 3%, it's higher than that. Thank you.

Prashant Khattry: Sir, our next speaker is Mr. Manjeet Singh. Mr. Manjeet Singh?

Manjeet Singh: Yes, sir. Am I audible?

Surinder Paul Kanwar: Yes, good morning.

Manjeet Singh: Good morning, Sir. Chairman Sir, I welcome all Bharat Gears employees and shareholders. And wish god to keep us away from COVID-19 and keep us safe. As the AGM is going on, FICCI meeting has also been held at this time, in which RBI Chairman issued a statement that we can't calculate the damage due to COVID-19. So please pay attention on COVID-19. How will the company recover the loss of Q1 in the next three quarters? Please say something about this. I think this type of question had come before.

You should have more focus on R&D, because in auto, be it big or small vehicles, there are changes in engine. For example, there is no carburetor in new Scooty. So if there are any changes in commercial vehicle engines, keep your focus on R&D, so that we can keep pace with the changes and develop in line with demand.

CSR activity, please take care of you and your staff and employee health and people around you, that is more than enough. Thank you.

Surinder Paul Kanwar: Thank you, Mr. Manjeet. We are taking care and your suggestion we are already acting on this. And we are very well aware and things will be brighter in the next quarter onwards. Next question?

Moderator: Sir, no other speaker shareholder is available right now.

Prashant Khattry: Sir, we have two questions in the meantime. We have received two questions.

Surinder Paul Kanwar: Shareholders is not there?

Prashant Khattry: We have two questions in the chat box. One is from Mr. Jinder Pal Kaur Dandona. He is asking, what are the new areas of development the company is exploring in the coming months. This is one question.

Second question is from the Manoj J Bagadia. When do we see returns coming from major investment made in past few years? And lastly, outlook for next three years from FY 22. Then he's suggesting that company needs to raise funds as net worth is short of net assets and long term working capital requirement is there, which needs to be meet out basically from long term costs effective measures. This is his suggestion.

Surinder Paul Kanwar: So do we need to reply here, or we reply that email with it?

Prashant Khattry: I think sir, we can reply because shareholders are also attending this meeting.

Surinder Paul Kanwar: They are on the line.

Prashant Khattry: Yeah, they are on the line. They are not listed as a speaker. But they are...

Surinder Paul Kanwar: I can reply that. The first question we are working on the new product and new area on the new vehicles, for the shareholders to know that. And new technology has come up with more of the ground gears which we are going head on that. And we got a lot of new business inquiries and we are working on that, to cover the market and see the future of the company.

Second, to meet out the working capital requirements we are raising the fund for that we are talking to the lenders for restructuring our existing loans. And we have full support from that side. And we will be able to get out of this situation.

Go ahead, any new other shareholders questions or anything?

Prashant Khattry: Sir, no more questions now.

Surinder Paul Kanwar: Cast your vote, which is appearing on the right hand side of your VC meeting screen and vote. The result of the resolution passed at the AGM shall be declared within the prescribed time limit upon receiving the consolidated report of remote e-voting and e-voting at the meeting by scrutinizer. Mr. Sameer Kanwar joined Managing Director, and Mr. Prashant Khattry Head-Legal, Company Secretary are authorized to announce the results. Thank you.

Prashant Khattry: Votings are open till further 15 minutes of time after closing of this meeting. Shareholders can cast their vote within this 15 minutes of time.

We thank to the chair for conducting this Annual General Meeting.
Thank you, Mr. Kanwar.

Surinder Paul Kanwar: Thank you, shareholders and all the directors. Thank you for attending the meeting. Thank you very much.

Prashant Khattry: Please close the event.