

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

ANALYSTS: Chetan Chadha
Ashok Jain
Lokesh Gupta

Presentation

Surinder Paul Kanwar: Good morning, everybody. It gives me a great pleasure to welcome you all to the 49th Annual General Meeting of your Company. Due to novel Coronavirus COVID-19 outbreak in the country and pursuant to various circulars issued by the Ministry of Corporate Affairs, the 49th Annual General Meeting is being conducted by electronic means through the VC/OAVM platform, InstaMeet provided by the Registrar and transfer agent link, Intime India Private Limited.

The notice of the annual report of the financial year 2021 was sent only by the electronic mode to the members whose email address are registered with the company and depositors. Now I introduce the Director, Mr. Sameer 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 Nominee and Remuneration Committee; Mr. W. R. Schilha, Non-Executive Independent Director; Mr. N. V. Srinivasan, Non-Executive Independent Director; and Ms. Hiroo Suresh Advani, Non-Executive Independent Director.

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

Prashant Khattry: Good morning, everyone. Members may note that this Annual General Meeting is being held through audio/video mode, 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 videoconference or other audio visual mode is made available for the members on a first come first service basis. Any member can join this meeting through internet-enabled devices such as laptops, smartphones, tablets. You would require a good connectivity of 2 mbps speed for joining this meeting.

Members connecting from mobile devices, tablets or laptops may face connectivity issues. So it is recommended to use stable WiFi and LAN connection to mitigate any kind of aforesaid details. Ensure that you have earphone for better sound quality. You should ensure your WiFi broadband connection is proper.

As this AGM is being held through videoconference so appointment of proxies by the members not available. Hence the proxy register is also not available for inspection. Register of Directors, members, Register of Contracts & Arrangements, these all are available electronically for inspection by the members during the AGM.

Members who would like to ask questions to the panelists can ask their queries via active chat board during the meeting. Members, remember you will speak in serial numbers which will be appearing in the voting registration message once you mark your attendance for the meeting. You need to speak only when you will be invited to speak as per your serial numbers.

Members who have not exercised their vote through the remote e-voting, they may click the voting button, cast your vote which is appearing on the right hand side of your VC meeting screen. You may need to enter your Demat ID, your client ID and your folio numbers. And then the OTP which you have received on your email and your registered mobile numbers during the registration for InstaMeet and vote.

I'm done with the instruction part. Now I request Chairman Sir to proceed with the meeting.

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

Prashant Khattry: Sir, quorum is present.

Surinder Paul Kanwar: The report of Statutory Auditor of financial statement and Secretarial Audit Report of the Company for the year ended 31 March, 2021 does not contain any qualification reservation or adverse remark, 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 49th 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.

The impact of the COVID-19 crisis on the global as well as domestic economy has been unprecedented and largely disruptive for the business environment which remained muted with demand slackening in almost all sectors. However, the second half of the year saw a quicker and remarkable recovery due to unlocking of restrictions, pick-up in economic activity, favorable government reforms, and mass disbursement of vaccine to halt the spread of the virus.

Uncertainty about the third wave of coronavirus infections along with ensuing lockdowns and trajectory of vaccination drives; however, may threaten the economic recovery.

The Indian automotive industry is the pillar of the manufacturing sector, the first quarter of the year was significantly stressed, with unlocking of the economy, the consumer sentiment revived, and sales of vehicles witnessed improvement in the second half. Strong rural demand, preference for personal mobility, new product launches, and availability of finance have lent momentum to the industry and are indicators of buoyant demand.

Operations of the Company were affected in the initial months of the financial year due to nationwide lockdown, post that, offtake from the Customers has been robust. As a result, the overall Sales volume showed an upward trajectory backed by the strong demand from OEMs. Revenue from operations for the FY 21 has increased to ` 504.40 crores from ` 468.00 crores by 8% in compare to the corresponding year. Whereas the Loss after tax for FY 21 has been reduced to ` 7.70 crores against loss after tax of ` 18.78 crores in previous year.

Our operations were severely impacted by the pandemic in the initial months of the year which resulted in an interruption to the production due to the shutdown of our facilities and offices by May 2020, majority of our operations had seen resumption of activity.

As a responsible organisation, we stepped up and ensured utmost safety of our people and surroundings. We have been disseminating vital information on the pandemic and ensuring adherence to the best health and hygiene practices at our plants and offices. We provided adequate systems to our employees so that they can operate smoothly out of their homes, thus ensuring business continuity.

Every crisis also presents a unique opportunity to improve things internally. Keeping this in mind, we have built sufficient capacity with multiple cost reduction exercises, our focus is on effectively filling the capacity to develop new products and fulfil customer requirements.

We continue to leverage our existing competencies in technology and engineering to explore new growth opportunities. Technology upgradation and process innovations are the key focus areas for us. Through retrofitting and refurbishing of machines, we aim to continuously enhance our productivity and efficiency.

At the same time, we are leveraging our relationships with existing customers in India and overseas to increase our product range with each of the customers. We are also engaging with newer customers to strengthen our presence and market share.

Another important focus area for us is to capitalise on the opportunities emerging from electric and hybrid vehicles by leveraging our domain expertise. With the evolving norms in the backdrop coupled with the fact that India is amongst the world's fastest growing market for automobiles, we foresee tremendous opportunities in this space.

The outlook for the economy seems favourable with revival in consumer sentiment, strong policy support and positive vaccination drives.

The outlook for the business is positive as the Company has a healthy order book and foresee opportunities on getting enquiries on electronic vehicles order along with agriculture and infrastructure sector continue to remain promising.

We constantly strive to innovate to optimize the product portfolio, while strengthening manufacturing capabilities and keeping pace with technological developments.

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 unwavering trust and support. We continue to drive consistent value for our stakeholders and persist in building a sustainable business.

Thank you.

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

Item number 1, Ordinary Resolution To receive and consider adopt the financial statement of the company for the year ended 31 March, 2020, together with the reports of the Director and the auditors thereon.

Item number 2, Special Resolution - To consider the reappointment of Mr. Wolfgang Schilha as a Non-Executive Independent Director of the Board of the company.

Item number 3, Mr. Pargal please take Agenda No. 3 I am interested in the resolution

V. K. Pargal: Item number 3, Special Resolution - To consider the reappointment of Mr. Sameer Kanwar as the Joint Managing Director of the company.

Surinder Paul Kanwar: Okay, Thank You Mr. Pargal.

Item number 4, Special Resolution - To consider the reappointment of Mr. N. V. Srinivasan who retires by rotation and eligible for the reappointment as a Non-Executive Director on the Board of the company liable to retire by rotation.

Item number 5 - To consider the Bharat Gears Employee Stock Option Scheme 2021.

Item number 6- To consider and rectify the remuneration payable to M/s M.K. Kulshrestha & Associates Cost Auditor for the company for the financial year 2021.

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

Now before I wind up the resolution, members who have registered themselves as a speaker may ask their queries as per their sequence and other members who have not registered as speaker may ask their queries via active chat board. Mr. Prashant Khattry read out the queries from the panelists to reply.

Prashant Khattry: Sir we are taking the speakers first and then we'll come up with the queries. Sakshi, can you put on the speakers pls?

Moderator: Okay, sir.

Prashant Khattry: First is Mr. Ayush Gupta, speaker.

Surinder Paul Kanwar: Good morning, Mr. Ayush Gupta.

- Moderator:** Sir, Ayush Gupta is not available, sir.
- Prashant Khattry:** Okay. Second, Ms. Renuka Bhatia.
- Moderator:** Yes sir. She is available.
- Prashant Khattry:** Okay.
- Moderator:** Renuka ma'am, due to technical issue, I'm unable to make you panelist.
- Prashant Khattry:** Her internet connectivity is not proper. That's why she is not being in the panel.
- Moderator:** Yes, sir.
- Prashant Khattry:** Okay. So we'll move onto the third speaker then, Mr. Ashok Kumar Jain.
- Moderator:** Yes, he is available, sir. Sir, there is also technical issue in Ashok Kumar's speaker, so not able to make them panelist.
- Prashant Khattry:** Okay. Sir, I think in the meantime, what we'll do, we will take up the queries and in case any speaker comes in between then we will take their queries as well.
- Surinder Paul Kanwar:** Okay
- Prashant Khattry:** First query is what is the future prospects of Bharat Gears Limited in coming years.
- Surinder Paul Kanwar:** What are the other questions that we can pool it together?
- Prashant Khattry:** I'll read out the questions for you sir. It's a long, long question. Okay, please find the question below. What is our total capacity? What can be our peak revenues from existing capacities? Post Q3 2021 and Q1 2022 performance, can we expect that EBITDA margins will form a base at 10%?
- Can we expect further margins improvement going forward? What are the timelines for us to reach 100% capacity utilization? Why has the revenue growth been so muted over the last 10 odd years? Will that change now? What are the new products we are working on? How many clients did we add over the last 12 months? What is our order book as of now? How has it grown over last year and what are the expected inflows over the next year? Can we improve our inventory

and receivable days? Why have our margins been so unstable over the years?

What are we doing to achieve and maintain better margin levels? What is expected CapEx for the next two, three years? So these almost 11 questions asked by Mr. Navin Sharma.

Surinder Paul Kanwar: Okay. This is all of the questions and I can sum up?

Prashant Khattry: And apart from this most of them have just shared -- given their good wishes for the company. And one shareholder Mr. Aman Arora has asked what are the CSR initiatives taken by the company? I think these are the questions as of now, what we have received.

Surinder Paul Kanwar: I'll answer one by one. First of all, I would like to tell you the last five to ten years, there have been a market, has been -- not been stable or up and down and that's the real impact. But today, F22 onwards the market is very positive and hope it stays like that and we are basically nearly 55% on agriculture and we expect and we expect the market to stay stable and growth will be good and you must be seeing the figures in the agriculture side is going up. And the government is also pushing up in the agriculture as well as the infrastructure, the construction of the road and other things. And therefore the construction requirement is going to be going up.

Also there has been down in the commercial vehicle basically of Europe VI which has come and that delayed the entire market, big market pick up and hopefully next year onwards the market of commercial vehicle will also pick up in a positive way. As far as capacity is concerned today your plants are running at full capacities and the best manage the capacity constraint against the requirement of the business.

So EBITDA will going to be improved and the margins are going to improve and other parameters being worked on how to control the other inventories and cost reductions. Our entire team is working on that. The thrust of the company is on that area which will give better profitability and better EBITDA too and you will be seeing in the coming years.

For future, we are working on EV, we've started making EV gears for Electric Vehicles for one or two customers and we are supplying to them and we are pushing more business in that segment. Where the capital is concerned we will decide on the basis of long term scenario,

how the market picks up and investment we be will taken up at the right time when the long term the business is clear on the EV.

There is a lot of positive things are happening on the government and the pushing of the EV, but we are not in two wheeler and car passenger. These are the two areas where EV is going ahead. On the export side we are doing EV business, the technology of the ground gears working on it. That is a broad scenario of the Company.

Prashant Khattry: So now we go back to the speakers now Sir, Sakshi can we connect with the next speaker, Mr. Rajendra Prasad Tulsian.

Moderator: Mr. Rajendra, he is not available sir. Mr. Chetan Chadha is available sir.

Prashant Khattry: Okay, please connect Mr. Chetan Chadha.

Moderator: Okay, sir.

Chetan Chadha: Can you hear me sir?

Surinder Paul Kanwar: Yeah, yes, Mr. Chadha. Good morning.

Chetan Chadha: Thank you, sir. Thank you. Good morning sir. How are you? I think you're all fine. And I'm really happy to see you. Sir, I am Chetan Chadha, joining this AGM portal from my house New Delhi. Sir, I'm really happy to see you. You all are safe and so like less handsome and happy. Sir, in the last right issue, you gave five shares on every 100 shares for INR105. My question is I had applied in my folio for 100 shares each, our pendency was still pending, but was told by some people that you will get these shares at a very low rate. And I did get them for a low rate. But I had full faith in our process and our competence, that it will be seen in the market and we like it when we see it with you. We feel good when we meet in the AGM every year.

We are not able to meet during this pandemic but I want to say thanks to the secretarial department and the moderator, who gave us an opportunity to connect with you. The weather outside was congested. I was logged in, but due to less clarity I logged out and logged in again, and my speaker chance was missed. So I felt that I would not be able to get a chance today. I want to thank again the moderator who gave me a second chance.

Sir, the next two to three years will be particularly challenging for you. Please inform us regarding our expansion plans? Our share price

has gone up since the rights issue by 15% to 20%, and I hope that it will keep on rising like this and we perform very well in the future. And I always thank the secretarial department as they always give the report on time. In the instance that I do not get it and send a query I get a very prompt reply. So I want to commend the secretarial department.

I am hopeful that we will have a physical AGM after we come out of this pandemic, so that we do not lose out on the opportunity to meet you in person, and we feel very glad to hear your views in person. I also hope that our entire staff is safe. I want to know from the Board whether we have some scheme to compensate the families of those who stood by us during the pandemic and suffered losses.

Have we made any provision to pay some salaries to their families or for the education of their children as they have stood by us in our need so that they feel part of our family, to compensate for their losses and ease the lives ahead? Thank you so much Sir, for giving me this opportunity.

Surinder Paul Kanwar: Chetan, just I want to tell you by god grace everybody is fine in the entire company. Everybody's -- nobody's affected with the COVID and everybody's family is okay. So that has been very -- and we are taking care of everything what you suggested. The company is taking care of all those issues and with God's grace everything is fine. That's all I can say on that.

Prashant Khattry: Sakshi, any other panelists, any other speaker is available?

Moderator: Yes, sir. Mr. Ashok, you can ask your question now. Ashok sir?

Ashok Jain: Can you hear me?

Moderator: Yes, sir. Yes, sir.

Ashok Jain: Okay. A very good morning Chairman sir, Board of Directors and my co-fellow shareholders. I Ashok Jain, joining the AGM from Delhi. Sir, we are seeing the result of the hard work of your entire team and Board during COVID. Our share price is also very good from last year. I want to thank the Board for this. I also want to commend the secretarial department who allowed us to join through this medium. The Board of Directors give us a rights issue last year. We are ready to invest more if we have a chance of another right issue. Thank you, sir, to join us through this medium.

Surinder Paul Kanwar: Thank you, Mr. Jain.

Prashant Khattry: Sakshi, any other speaker is available?

Moderator: Yes Sir. Mr. Lokesh, Sir you can ask you a question now.

Lokesh Gupta: Hello, sir are you able to hear me?

Surinder Paul Kanwar: Yes, Mr. Gupta.

Lokesh Gupta: Sir, I'm Lokesh Gupta, welcome all the Board members and hope that we are all safe and sound in this COVID time. Sir, during our last meeting, I was there with you. You have given me the opportunity to join you this time also. For that I want to thank you and your team very much. There is nothing left to ask. You have said everything during the Chairman's speech. And we got all the answers during the questions of the other shareholders.

I just have one question, are we going to take part in the upcoming [PIA] [0:26:37] scheme and what benefit will we get for that in the future? We all know what times we have seen during this COVID pandemic. But we have full faith in your leadership. We have gone through bad times before, and periods of slump but we have touched greater heights. We hope that we will reach greater heights in the coming times and the company will do even better. Thanks to the secretarial department and all others who made it possible for me to connect with you in this fashion. Thank you Sir.

Surinder Paul Kanwar: Thank you Sir.

Prashant Khattry: Any other speakers left out Sakshi?

Moderator: Yes, sir.

Prashant Khattry: Okay.

Moderator: Mr. Manjeet sir, you can ask you a question now.

Manjeet Singh: Am I audible?

Surinder Paul Kanwar: Yes sir. Yes.

Manjeet Singh: Yes, sir. I welcome the Chairman, and all the Directors, employees, secretarial department, and my core shareholders of Bharat Gears. Good morning to all. We are the world leader company in gears and

India's largest gear technology company. We are serving the automobile sector since 1971. We have been making parts for diesel, petrol and gas fueled vehicles. What effect will there be with coming of the electric vehicles on us, please shed some color on that? The coming years will be the age of electric vehicles. We have been dependent on petrol, diesel and gas.

The share price has been very good. After a low of INR43 we have also reached a high of INR160. We request you to do a split or something. That will be good for us. What is the utilization of the plant after COVID? Please tell us something about this. You have given a rights issue last year. The promoter holding is 55%. So do we have any buyback plan? Please inform us of that.

It is due to the hard work of the secretarial department and the moderator that we have been able to connect with you. We hope that as we come out of the COVID we are able to meet you and have physical meeting. That would be good. Thank you sir.

Surinder Paul Kanwar: Thank you. Mr. Manjeet Singh, we are working on electrical vehicles components and we are working very seriously on that issue. Otherwise, thank you for your goodwill and we are all safe and fine. I hope everybody's safe and fine at your family end.

Prashant Khattry: Sakshi if we're done with the speakers, so we had last query. Can we...

Moderator: One speaker is still here sir.

Prashant Khattry: Okay.

Moderator: Mr. Rajendra, sir, you can ask your question now.

[Technical Difficulty] [0:30:00]

Prashant Khattry: Please send me the link from where it came.

Moderator: Rajendra sir, please ask your questions.

Prashant Khattry: Mr. Tulsian you are on. You are online Mr. Tulsian. You can ask your question to the panelist. Sakshi, we can move on to the other speaker if there are any, or we'll take the last query before conclusion of the meeting.

Moderator: Sir, no speakers there now.

Prashant Khattry: Okay. So this is only last question. Any plans to reduce interest costs in loans? This has been asked by Raj Kumar Lohia.

Surinder Paul Kanwar: Okay. Yes, we are working on that reduction on the interest costs with the different financial institutions.

Prashant Khattry: I think sir, now we don't have any other speakers, and I think no other queries.

Surinder Paul Kanwar: I want to tell them entire shareholders, we have a plan for a right issue, infusing more funds into the company, which will give a benefit on the interest part also. Okay, as now we have no further query to reply members are informed that electronic voting option will remain open for next 15 minutes. Members who have not exercised their vote may click the voting button, cast your vote, which is appearing on your right hand side of your VC meeting screen and vote.

The result of the resolution passed by the AGM shall be declared within the prescribed limit upon receiving the consolidated report and remote e-voting and e-voting at the meeting by the scrutinizer. Thank you.

Prashant Khattry: Thank you, sir. We thank the Chair and to other directors who are aware on the panelists and shareholders who have attended this meeting. And now this meeting is concluded. Thank you, sir.

Surinder Paul Kanwar: Thank you. Thank you, everybody.

Moderator: Thanks sir.

Surinder Paul Kanwar: So thank you very much.

Prashant Khattry: Thank you.