



Geared for life

BHARAT GEARS LIMITED

Regd. Office & Works :

20, K.M. Mathura Road, P.O.Box 328

P.O. Amar Nagar, Faridabad - 121003 (Haryana) INDIA

Tel. : +91 (129) 4288888, E-mail : info@bglindia.com

Corporate Identity Number : L29130HR1971PLC034365

BGL/SEC/NSE/3/JULY 2020-2021

BGL/SEC/BSE/2/JULY 2020-2021

July 13, 2020

The Manager (Listing)

National Stock Exchange of India Limited

"Exchange Plaza", 5th Floor

Plot No. C-1, G - Block

Bandra Kurla Complex

Bandra (E)

Mumbai - 400051

SYMBOL: BHARATGEAR

STOCKCODE: 505688

Subject: Intimation under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Updates on resumption of manufacturing operations amid Covid-19 and Impact thereof on the Company

Ref: Your e-mail dated July 08, 2020 regarding SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 issued by the Securities and Exchange Board of India (SEBI) titled "Advisory on disclosure of material impact of CoVID 19 pandemic on listed entities under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015"

Dear Sir/Madam,

This is with reference to the subject and your e-mail dated July 08, 2020 for the submission of complete disclosure addressing all the points disclosing the details as specified under the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 issued by the Securities and Exchange Board of India (SEBI) titled "Advisory on disclosure of material impact of CoVID 19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015" pursuant to our letter Ref. no. BGL/SEC/NSE/3/JUNE 2020-2021 dated June 08, 2020 on the subject submitted with the Exchange.

In this regard, we hereby submit the required details as follows:

Impact of the CoVID-19 pandemic on the business:

The manufacturing operations at our plant(s) at Faridabad in the State of Haryana and at Mumbra, Thane District and Lonand, Satara District in the State of Maharashtra and various Branch Offices had been temporary suspended in the interest of health and safety of our employees and public at large amid spread of COVID – 19 Pandemic.



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Due to prolonged lockdown, there has been a severe impact on our manufacturing capabilities that has resulted into a sudden and unexpected drop in the demand and will further result into a considerable drop in the revenues and profitability of the Company for the Financial Year 2020-21.

Ability to maintain operations including the factories/units/office spaces functioning and closed down:

There had been no activities during the suspension of operations at the Plants and Branch Offices of the Company.

Schedule, if any, for restarting the operations:

Our plant at Faridabad, Haryana had restarted from 3rd week of April, 2020 and other plants at Lonand, Satara District and Mumbra, Thane District in Maharashtra had progressively restarted from 1st week of May, 2020 based on the directions provided by the Government of India (GOI) and the State(s) Government notifications and approvals received from appropriate local authorities.

The operations at our plants had been restarted in strict compliance to the National Directives for COVID-19 Management and Standard Operating Procedure for Social Distancing. The Company has drafted necessary protocols regarding safe running of plants including wearing of face masks at workplace all the time, maintaining social distancing and workplace sanitation etc. in accordance with the post Covid-19 guidelines issued by relevant authorities in the geographies in which we operate and we are making strict efforts for adherence to the same.

Steps taken to ensure smooth functioning of operations:

During the lockdown period, we had been monitoring the situation on daily basis and were in touch with our suppliers, vendors, customers etc. All our plants are now running with a curtailed workforce without any issue and we are geared up to meet up the existing demand and any increase thereof. We are continuously reassessing our manufacturing capabilities and also preparedness of our supply to meet the delivery schedules. Further, we expect labour shortage at our plants due to the movement of migrant labour and are also looking at ways and means to mitigate the impact. We are also monitoring the health of our suppliers on a constant basis, some of whom are MSME suppliers.

Estimation of the future impact of CoVID-19 on its operations:

It is difficult to estimate the full impact of Covid-19 pandemic and resultant lockdown. We expect that in the given market conditions, the Company's revenue and profitability will continue to be affected. Our business will also depend on future developments comprising actions to contain or treat the disease and mitigate its impact on the economies of the affected Countries, among others. The impact of the pandemic might be different from that we estimate, and the Company will closely monitor any material changes to future economic conditions.



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Details of impact of CoVID-19 on Company's:

➤ Capital and financial resources, profitability, liquidity position:

Our revenues in the month of April, 2020 was almost Nil and in the month of May we were running our plants at about 20 to 25% capacity. As a supplier of automotive components, we are largely dependent on demand from OEMs (Original Equipment Manufacturers). The ramp up in capacity utilization at the different plants will depend on location wise demand from customers and gradual pickup in our manufacturing capabilities as the lockdown measures are relaxed.

We are adopting several cost reduction measures to address the liquidity crunch which may arise due to the impact of the slowdown in industry and pandemic and to maintain sufficient operational cash flows to ensure uninterrupted fulfilment of orders from customers.

➤ Ability to service debt and other financing arrangements:

We have sought moratorium from lenders, and also in discussions with lenders for the restructuring of term loans.

➤ Assets:

All the fixed assets of the Company are intact without any impact.

➤ Internal financial reporting and control:

The Company had made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts existing as at the date of approval of these financial results. Based on such assessment, the Company is confident of recovering the carrying value of these assets as at March 31, 2020.

The estimates used for assessing the carrying value of assets and liabilities at March 31, 2020 during the COVID-19 pandemic may undergo a change as these are dependent on the improvement in the economy and automotive sector. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

➤ Supply chain:

As the situation was unprecedented, there had been disruptions in supply chain caused by this great natural calamity and we are working sincerely to address such disruptions and look forward to work out a way to tide over these challenging times.





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➤ **Demand for Company's products/services:**

The sudden and unexpected drop in the demand will result into a considerable drop on the revenues and profitability of the Company for the Financial Year 2020-21, especially during first two quarters. The performance is expected to improve progressively in following periods as the situation improves.

➤ **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business:**

There are no instances of non-fulfilment of any obligations of contract/agreement which will have significant impact on the Company.

➤ **Other relevant material updates about the Company's business:**

The Company's operations have been impacted by the unprecedented COVID-19 pandemic which resulted in an interruption to the production due to the shutdown of all its plant facilities and offices due to the nationwide lockdown. The Company has since obtained requisite permissions and restarted its manufacturing plants and its offices.

The Company has incurred loss before tax during the Financial Year 2019-20 amounting to ₹ 2482 lacs, primarily owing to the lower volumes due to continuing slowdown in the automotive industry, finance costs and depreciation. The Company has a positive net worth of ₹ 7958 lacs and a net current asset position of ₹ 2198 lacs. The Company has outstanding term loans amounting to ₹ 10542 lacs as at March 31, 2020, out of which ₹ 2312 lacs is due for repayment in next year.

The requisite details on the above have been disclosed in the financial results of the Company for the quarter/year ended March 31, 2020 under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 filed with the Stock Exchanges on June 28, 2020 and shall also be disclosed under the Annual Report 2019-20 being issued to the Shareholders.

Meanwhile, we wish that the public at large in the Country and over the globe stay safe and sustain a good health and well being along with the economic development taking place post Covid-19 pandemic.

You are requested to take the same on your records.

Thanking you,

Yours faithfully,

For Bharat Gears Limited

Prashant Khattry

Head (Legal) and Company Secretary



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