

⊕ Technology & design
improvements

⊕ Customer & geography
expansion

⊕ Scale & efficiency
optimization

STAY THE COURSE





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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENT

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such Statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this report. Bharat Gears Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

STAY THE COURSE



“Big dreams are marathons. Passionate actions are marathons of marathons! Waiters don’t deserve it; Quitters don’t get it!”

Once you are set out to achieve something well thought, well defined and worth your while, keep going. Stay the course. Dreams do come true. We continue to work aggressively towards scaling new heights in our revenue benchmarks. As a diversified gear manufacturing Company with a sharp exports focus, we have got the right resources to realize our long-term goals. We are moving forward, well aware of the uncertainties and volatilities of the external environment, some promising and some challenging ones. Amidst global headwinds, we remain steadfast on our strategic priority of capability sharpening across product design, manufacturing and overall efficiency. While the tractor and construction equipment segment remained subdued in India in the recent past, other commercial vehicle segments recorded encouraging growth. Overseas, our sustained efforts

in the American markets took deeper roots while we met with initial success in our European foray. Having established ourselves as the world leaders in gears and transmission technology, we are eyeing to make our mark as a complete gear box provider.

Our plant efficiencies have improved, spearheaded by our youngest and most modern unit at Lonand, Satara. The real impact of our sustained efforts is likely to become visible from latter part of FY17. Thanks to an encouraging monsoon forecast, rural focus of union budget 2016, softening interest rates and the pick-up in mining and infrastructure activities, we foresee a strong growth in our domestic business. We continue to stay the course and realize our strategic objective of sustained value enhancement for all our stakeholders.



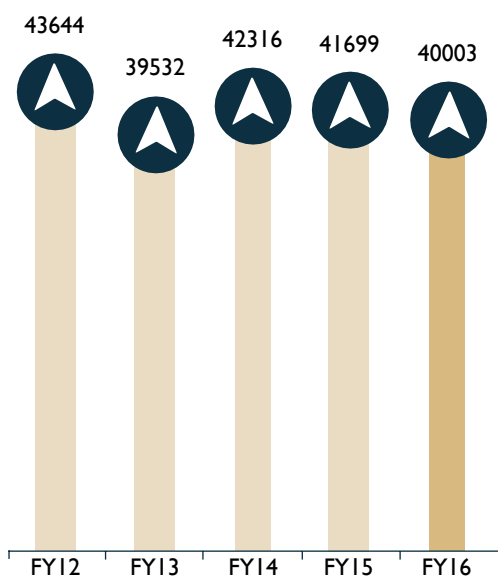
BUSINESS HIGHLIGHTS



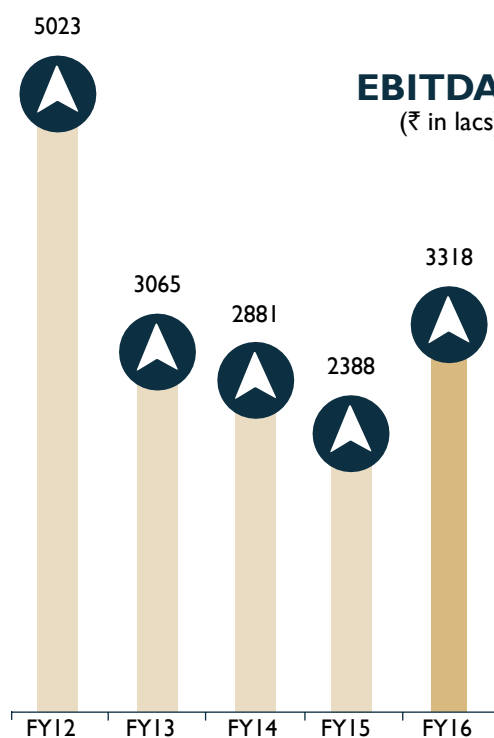
Operation Highlights:

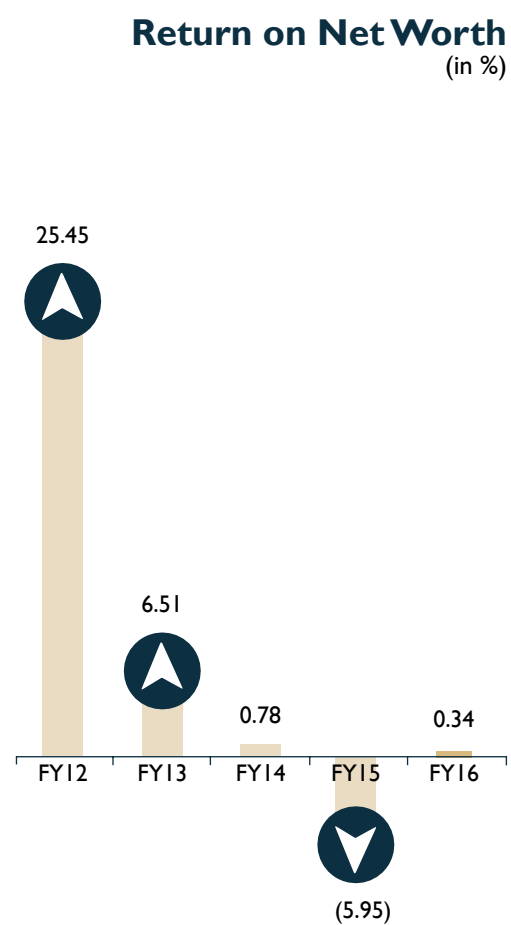
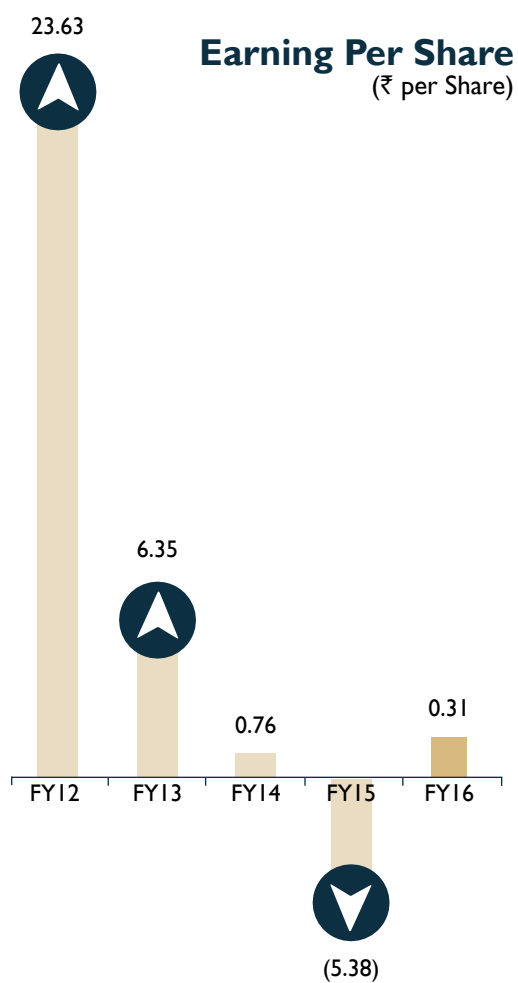
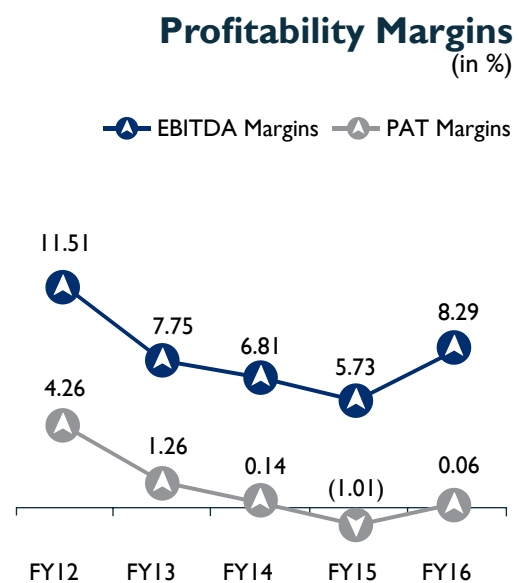
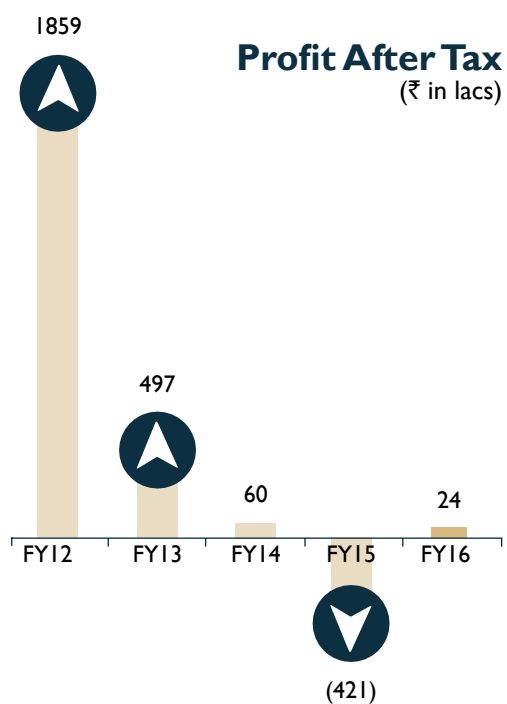
- ▲ Share of exports improving gradually from 20% in FY12 to 34% in FY16
- ▲ LEAN manufacturing approach optimized our overall cost
- ▲ Kaizen, TQM, Quality Circles, safety audit, machine health check up, visual management, machine risk assessment audit enhanced efficiencies at plant level
- ▲ Won ACMA award in 'Excellence in Export Category' for FY15
- ▲ Faridabad plant won Supplier Excellence Award for achieving "Partner" level status for the year 2015-2016 from one of the large overseas customer


Net Revenue (₹ in lacs)



EBITDA (₹ in lacs)







Technological advancement and product innovation remain the key drivers of differentiation for our customers

TECHNOLOGY & DESIGN IMPROVEMENTS.

STAY THE COURSE...

Technological advancement and product innovation remain the key drivers of differentiation for our customers. In order to keep serving their dynamically evolving needs, one has to keep abreast with technological advancements to stay ahead of the curve. We, at Bharat Gears, have continuously made investments in latest technology to optimize plants capacities. We have invested in high-speed hobbers and shavers. Shaving cutting sharpener has helped achieving efficient restoration of tools and thereby uplifted the overall performance of the transmission gears. Our bevel gears section deploys sophisticated 'two cut' method of production and is equipped with complete robotic operations. Our advanced testing lab is designed to meet stringent tolerance. Our collaboration with AFC-Holcroft, USA adds innovation, quality and reliability to the Furnace division.

Our auto-components products are engineered to excellence, highest design and quality control.

Organization-wide practice of safety measures, 5S, autonomous maintenance, visual management, standard work and lost time analysis, etc. has laid a robust foundation for promoting a continuous improvement culture. We have undertaken various initiatives like Kaizen, 'Quality Month', etc. with spirited employee participation. Our value engineering prowess at nascent design stage has won accolades from our esteemed global clients.

With a firm belief that technological advancements and design improvements accrue sustained benefits, we are staying the course of continued incremental improvement on both.





We follow Culture of Safety, 5S, Kaizen, Autonomous Maintenance, Visual Management, Standard Work and Lost Time Analysis as a Continual Process at our capacities

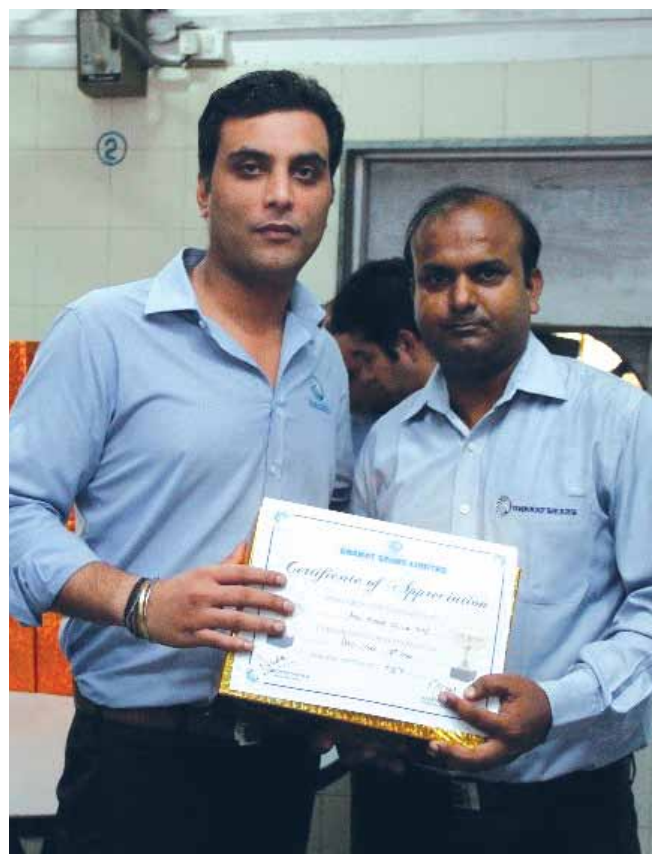


SCALE & EFFICIENCY OPTIMIZATION. STAY THE COURSE...

Having invested in right technologies, we are further sharpening our efficient leadership that can be aptly utilized for scaling operations. Following LEAN manufacturing approach has optimized our overall cost competencies.

During FY16, we have implemented various efficiency improvement initiatives. We follow Culture of safety, 5S, Kaizen, autonomous maintenance, visual management, standard work and lost time analysis as a continual process at our capacities. Our Kaizen is benchmark of the entire gear industry. TQM and QC process helps us to keep a strict check on our products quality. We have optimized our manufacturing efficiency by various improvement projects in power and fuel, oils, tooling and water across the plant to reduce manufacturing cost. We have undertaken phased replacement plans by replacing old conventional lighting with LED lamps to induce power savings at our capacities. We have initiated to power street lights at plants by solar energy.

We continue to stay the course on the path of achieving operational excellence.



CUSTOMER & GEOGRAPHY EXPANSION.

STAY THE COURSE...

Synergies between marketing, sales and support are the foundation of an efficient customer relationship management. With our persistent efforts to meet and exceed the needs of our customers, we have made rapid strides in the international market. Having accomplished our capital expenditure plans, we are now leveraging our enhanced efficiencies for rolling out new products at new geographies and creating a de-risked business model. Our diverse products have made our presence felt to nations across Europe, the US, Mexico and Asia. During FY16, we were successful in penetrating in new geographies. We have received the ACMA award in CY2015 in 'Excellence in Export Category' for FY15 materializing the Company's focused, persistent and design prudence

essential for the export market. Under the Government's Make-in-India initiative, we are looking to tap new sectors/ industries like passenger cars, defence, etc. We continue to stay the course with our ambit to become a global player with diversified clientele base spread across geographies with multi-product lines in medium to long term.

Gears Business

BGL has a wide range of products comprising of ring gears and pinions, transmission gears and shafts, differential gears, and assemblies for that services a marquee list of Original Equipment Manufacturers (OEMs).

BGL Client List

BGL products are trusted by reputed companies in India and around the world for years for quality and service.



Agriking Tractors & Equipments (P) Ltd.



Ashok Leyland Limited



AVTEC Limited



Carraro India, Italy, China



CLAAS Tractor SAS France, Hungary



EATON Corporation - USA, India, China



Force Motors Ltd.



Godrej & Boyce Mfg. Co. Ltd.



Hyva India Pvt. Ltd.



JCB-India, UK



John Deere - India, USA, Spain, Mexico, Brazil, China, Germany



KION, India



Mahindra & Mahindra Ltd.



Man Trucks India Pvt. Ltd.



New Holland Fiat India Pvt. Ltd.



Paharpur Cooling Towers Ltd.



Rico Auto Industries Ltd.



Spicer India Ltd. DANA India Ltd.



SML ISUZU Ltd.



Transaxle Manufacturing of America (TMA) USA



Tractors and Farm Equipment Ltd.



Tuff Torq



Toyota Kirloskar Auto Parts Ltd.



VST Tillers & Tractors



Escorts Ltd.



ZF China, India, USA, Germany



Schafer Driveline LLC, USA