

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

October 07, 2020

The Manager
National Stock Exchange of India Limited
Exchange Plaza, C – 1, Block G
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

NSE Symbol: BHARATGEAR

Subject: Reply to Clarification sought with regard to announcement submitted to the Exchange dated October 05, 2020, regarding Revision of Credit Rating

Re: Your email dated October 06, 2020

Dear Sir/Madam,

This is with reference to your aforementioned email dated October 06, 2020, seeking clarification on pr announcement submitted to the Exchange dated October 05, 2020, regarding Revision of Credit Rating citing as follows:

"This is with respect to an announcement submitted to the Exchange dated Oct 05, 2020, regarding Revision of Credit Rating.

On basis of above you are required to clarify following –

- 1. If you have promptly notified the Exchange, but not later than 24 hours.*
- 2. In case of downward rating, the disclosure may include reasons published by rating agency for such downward rating."*

The point wise reply for the above is as follows:

1. The aforesaid disclosure for revision in Credit Rating has been promptly notified to the Exchange and be construed to be notified not later than 24 hours as the disclosure has been made on October 05, 2020 on receipt of report on Credit Rating from CRISIL on October 01, 2020, October 02, 2020 being National Holiday and October 03-04, 2020 being weekly off.
2. The reasons published by rating agency for such downward rating are as follows:

"The rating action reflects deterioration in BGL's overall credit risk profile, especially its liquidity profile amid Covid-19-induced disruptions and muted demand. The company has large debt repayment obligation in fiscal 2021, against which it is expected to barely breakeven at cash profit level.

BGL's management has confirmed applying for restructuring of its term loans availed from KKR India Financial Services Ltd (KKR), under Reserve Bank of India (RBI) guidelines issued on August 06, 2020-'Resolution Framework for COVID-19-related Stress', during the first week of September 2020. As confirmed by KKR, the proposal is being evaluated. The company has not opted for restructuring of its working capital limit and term loan with other lenders and continues to service them timely.

Under the aforementioned conditions, BGL management is not likely to honour its quarterly debt repayment, towards KKR's term loans, falling due on September 30, 2020. The said term loan is a part of the restructuring plan under consideration.

Since the application for restructuring was made before the due date of the debt repayment, about to be missed, and the concerned lender has not cited any reservation to accepting the application, CRISIL is not treating the missed debt repayments as default. The rating action is in line with the CRISIL's approach to default recognition for entities applying for restructuring under the RBI resolution framework published in the criteria alert titled 'CRISIL's approach to Covid-19-related restructuring.

CRISIL will continue to monitor the developments on the formal sanctioning of the restructuring by KKR and resolve the watch once the formal approval is received by the company.

We request you to take this information on your records.

Thanking You,

Yours faithfully

For **Bharat Gears Limited**

PRASHANT KHATTRY Digitally signed by
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Date: 2020.10.07
13:10:17 +05'30'



Prashant Khattry
Head (Legal) and Company Secretary