

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
Bharat Gears Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Bharat Gears Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

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ARUNA

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per Aruna Kumaraswamy

Partner

Membership No.: 219350

UDIN:21219350AAAACB2238

Place: Mumbai

Date: November 02, 2021

BHARAT GEARS LIMITED

CIN: L29130HR1971PLC034365

Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana)

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 SEPTEMBER, 2021

(₹ in lakhs)

	Particulars	Quarter ended			Six months period ended		Previous year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations (Refer note 4)	18,663	16,468	12,824	35,131	17,750	50,303
2	Other income (Refer note 5)	2	153	25	155	75	137
3	Total income (1+2)	18,665	16,621	12,849	35,286	17,825	50,440
4	Expenses						
	(a) Cost of materials and components consumed	10,298	8,554	6,492	18,852	8,459	25,599
	(b) Changes in inventories of finished goods and work-in-progress	(950)	(727)	(244)	(1,677)	460	(703)
	(c) Employee benefits expense (Refer note 6)	2,745	2,554	2,164	5,299	3,635	8,247
	(d) Finance costs	497	489	633	986	1,181	2,267
	(e) Depreciation and amortisation expense	525	578	609	1,103	1,235	2,415
	(f) Other expenses	4,848	4,313	3,423	9,161	4,625	13,580
	Total expenses	17,963	15,761	13,077	33,724	19,595	51,405
5	Profit/(Loss) before exceptional items and tax (3-4)	702	860	(228)	1,562	(1,770)	(965)
6	Exceptional items (Refer note 10)	360	-	-	360	-	-
7	Profit/(Loss) before tax (5-6)	1,062	860	(228)	1,922	(1,770)	(965)
8	Tax expense						
	1. Current tax	286	60	-	346	-	-
	2. Deferred tax	(19)	161	(21)	142	(249)	(227)
	3. (Excess)/Short provision for tax relating to prior years	-	-	-	-	-	32
9	Net profit/(loss) for the period (7-8)	795	639	(207)	1,434	(1,521)	(770)
10	Other comprehensive income/(loss)						
	(i) Items that will not be reclassified to profit or loss	14	42	(13)	56	(26)	127
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(3)	(11)	1	(14)	4	(32)
11	Total comprehensive income/(loss) for the period (9+10)	806	670	(219)	1,476	(1,543)	(675)
12	Paid-up equity share capital (Face value ₹ 10/- per share)	931	931	931	931	931	931
13	Other equity (excluding revaluation reserve)						6,450
14	Earnings per share [face value of ₹ 10 /- each (* not annualised)] Basic and diluted (₹)	*8.54	*6.87	*(2.23)	*15.41	*(16.35)	(8.27)

Notes:

1. The above Unaudited Financial Results have been reviewed and recommended by the Audit Committee and have been approved by the Board of Directors at their respective meetings held on 02 November, 2021.
2. The statutory auditors of the Company have carried out limited review of the aforesaid Unaudited Financial Results.
3. The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same. As such there is no other separate reportable segment as defined by Ind AS 108 - "Operating Segments".
4. Ministry of Commerce & Industry on 17 August, 2021 notified rates on Remission of Duties and Taxes on Exported Products scheme (RoDTEP). Pursuant to this, the Company has recognised income from RoDTEP scheme of ₹ 161 lakhs during the quarter ended 30 September, 2021 which also includes income relating to eligible sales of prior quarters. Out of total income of ₹ 161 lakhs recognised, ₹ 49 lakhs pertains to the period January-March, 2021, ₹ 55 lakhs pertains to quarter ended 30 June, 2021 & ₹ 57 lakhs pertains to quarter ended 30 September, 2021.
5. Other income includes:

(₹ in lakhs)

Particulars	Quarter ended			Six months period ended		Previous year ended
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net exchange gain/(loss)	(11)	136	3	125	37	57

6. Employee benefits expense includes:

(₹ in lakhs)

Particulars	Quarter ended			Six months period ended		Previous year ended
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Voluntary retirement scheme expense	-	25	62	25	191	195

7. Statement of Assets and Liabilities:

(₹ in lakhs)

Particulars		As at 30.09.2021	As at 31.03.2021
		Unaudited	Unaudited
A	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	11,723	12,632
	(b) Capital work-in-progress	243	132
	(c) Intangible assets	94	107
	(d) Right-of-use assets	612	620
	(d) Financial assets		
	(i) Loans	201	191
	(ii)Others	215	215
	(e) Deferred tax assets (net)	858	1,014
	(f) Other non-current assets	486	358
		14,432	15,269
2	Current assets		
	(a) Inventories	11,681	9,039
	(b) Financial assets		
	(i) Trade receivables	11,811	10,627
	(ii) Cash and cash equivalents	9	10
	(iii) Bank balances other than (ii) above	577	558
	(iv) Loans	96	56
	(v) Others	414	544
	(c) Current tax assets (net)	105	92
	(d) Other current assets	2,678	2,156
		27,371	23,082
3	Non-current asset held for sale	12	12
		27,383	23,094
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8. Unaudited statement of Cash Flows:

(₹ in lakhs)

	Particulars	For the six months period ended 30 September, 2021	For the six months period ended 30 September, 2020
A.	Cash flows from operating activities:		
	Net profit/(loss) before tax	1,922	(1,770)
	Adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expense	1,103	1,235
	(Profit) / Loss on disposal of property, plant and equipment (net)	-	(3)
	Finance costs	986	1,089
	Interest income	(26)	(26)
	Rent expenses	3	3
	Employee benefits expense	4	3
	Allowance for doubtful debts	3	-
	Unrealised exchange (gain)/loss (net)	(125)	(28)
	Operating profit before working capital changes	3,870	503
	<u>Changes in working capital</u>		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	(2,642)	350
	Trade receivables	(1,062)	(1,077)
	Financial assets - loans	(44)	(55)
	Financial assets - others	140	3
	Other assets	(498)	(214)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	1,010	656
	Other financial liabilities	13	182
	Other current and non current liabilities	143	142
	Provisions	76	39
	Cash generated from operations	1,006	529
	Income tax (paid)/refund (net)	(177)	(18)
	Net cash flows from/(used in) operating activities (A)	829	511
B.	Cash flows from investing activities:		
	Purchase of property, plant and equipments and intangible assets (including capital work-in-progress, capital advances)	(346)	(242)
	Proceeds from sale of property, plant and equipments	-	7
	Bank balances (including non-current) not considered as cash and cash equivalents (net)	(20)	20
	Interest received	17	19
	Net cash flows from/(used in) investing activities (B)	(349)	(196)
C.	Cash flows from financing activities:		
	Proceeds from long-term borrowings	519	-
	Repayment of long-term borrowings	(1,133)	(19)
	Net increase/(decrease) in short-term borrowings	-	(268)
	Interest paid	(898)	(301)
	Dividends paid	(2)	(3)
	Payment of lease liabilities	(144)	(129)
	Net cash flows from/(used in) financing activities (C)	(1,658)	(720)
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,178)	(405)
	Cash and cash equivalents at the beginning of the year	(2,227)	(2,235)
	Cash and cash equivalents at the end of six months period	(3,405)	(2,640)
	Cash and cash equivalents	9	20
	Other bank balances (represents cash credit, packing credit & funded interest)	(3,414)	(2,660)
	Cash and bank balances	(3,405)	(2,640)

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9. The Company has considered the possible impact of COVID-19 pandemic on its operations, liquidity position and recoverability of its asset balances at 30 September, 2021 based on the internal and external information up to the date of approval of these financial results. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial results and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.
10. The Company had lodged a compensation claim with the Mumbai Metropolitan Region Development Authority ('MMRDA') in earlier years in respect of costs incurred towards shifting /re-location of facilities situated on the Company's land acquired by the Authority in such years towards proposed road widening projects. The Company has received relevant approvals from the authorities during the quarter sanctioning a compensation which has been accepted by the Company. The compensation received amounting to ₹ 514 lakhs has been netted off against the costs incurred directly in relation to the same amounting to ₹ 154 lakhs and accordingly a net amount of ₹ 360 lakhs (gross of tax), has been disclosed as an Exceptional item.
11. The Board of Directors at their meeting held on 20 October, 2021 have approved the proposed issue of equity shares for an amount of ₹ 977 lakhs to existing shareholders on rights basis, in ratio of 1 equity share for every 10 equity shares held by the shareholders as on the Record date at an issue price of ₹ 105 per share. The Company has also received an in-principle approval from Stock Exchanges for the proposed rights issue of equity shares.
12. Previous period's figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors

**SURINDER
PAUL KANWAR**

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SURINDER PAUL KANWAR
Chairman & Managing Director

Date : 02 November, 2021