

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF BHARAT GEARS LIMITED

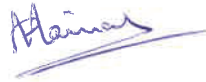
1. We have reviewed the accompanying Statement of Unaudited Financial Results of **BHARAT GEARS LIMITED** ("the Company"), for the quarter and six month period ended 30 September, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
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 the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 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. A review of interim financial information consists of making inquiries, primarily of the Company's personnel 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 specified under Section 143(10) of the Companies Act, 2013 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 stated in paragraph 3 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 Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The comparative financial information of the Company for the quarter ended 30 June, 2022, quarter and six month period ended 30 September, 2021 and for the year ended 31 March, 2022 prepared in accordance with Ind AS included in this Statement, have been reviewed / audited, as applicable, by the predecessor auditor. The reports of the



predecessor auditor on these comparative financial information dated 22 July, 2022, 02 November, 2021 and 27 May, 2022 respectively, expressed an unmodified conclusion / opinion, as applicable.

Our conclusion on the Statement is not modified in respect of this matter.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Saira Nainar
(Partner)
(Membership No. 040081)
UDIN: **22040081BCRWN15810**

Place: Mumbai
Date: 10 November, 2022



STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH PERIOD ENDED 30 SEPTEMBER, 2022

(₹ in lakhs)

	Particulars	Quarter ended			Six month period ended		Previous year ended
		30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	31.03.2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	21,355	18,397	18,663	39,752	35,131	72,944
2	Other income (Refer note 4)	192	238	2	430	155	353
3	Total income (1+2)	21,547	18,635	18,665	40,182	35,286	73,297
4	Expenses						
	(a) Cost of materials and components consumed	12,073	10,583	10,298	22,656	18,852	37,530
	(b) Changes in inventories of finished goods and work-in-progress	(288)	(921)	(950)	(1,209)	(1,677)	(441)
	(c) Employee benefits expense	3,011	2,737	2,745	5,748	5,299	10,714
	(d) Finance costs	397	416	497	813	986	1,843
	(e) Depreciation and amortisation expense	496	469	525	965	1,103	2,039
	(f) Other expenses (Refer note 5)	5,066	4,775	4,848	9,841	9,161	18,565
	Total expenses	20,755	18,059	17,963	38,814	33,724	70,250
5	Profit before exceptional item and tax (3-4)	792	576	702	1,368	1,562	3,047
6	Exceptional item (Refer note 8)	-	-	360	-	360	360
7	Profit before tax (5+6)	792	576	1,062	1,368	1,922	3,407
8	Tax expense						
	1. Current tax	230	167	286	397	346	441
	2. Deferred tax (credit)/charge	(28)	(21)	(19)	(49)	142	423
	3. Short/(Excess) provision for tax relating to prior years	14	-	-	14	-	(41)
9	Net profit for the period (7-8)	576	430	795	1,006	1,434	2,584
10	Other comprehensive income						
	Items that will not be reclassified to profit or loss						
	- Re-measurement gain on defined benefits obligations	72	21	14	93	56	31
	- Income tax effect	(18)	(5)	(3)	(23)	(14)	(8)
11	Total comprehensive income for the period (9+10)	630	446	806	1,076	1,476	2,607
12	Paid-up equity share capital (Face value ₹ 10/- per share)	1,024	1,024	931	1,024	931	1,024
13	Other equity						9,795
14	Earnings per share (Refer note 9 and note 10) [face value of ₹ 10 /- each (* not annualised)] Basic and diluted (₹)	*3.75	*2.80	*5.53	*6.55	*9.97	17.62

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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 09 November, 2022 and 10 November, 2022.
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. Other income includes:

Particulars	Quarter ended			Six month period ended		Previous
	30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	Year ended
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net exchange gain/(loss)	173	219	(11)	392	125	282

5. Other expenses during the quarter and six month period ended 30 September, 2022 is net of ₹ 234 lakhs and ₹ 93 lakhs respectively, being the recovery of expenses for earlier periods.

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6. Statement of Assets and Liabilities:

Particulars		(₹ in lakhs)	
		As at 30.09.2022	As at 31.03.2022
		(Unaudited)	(Audited)
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment		11,949	11,208
(b) Capital work-in-progress		84	114
(c) Intangible assets		82	82
(d) Right-of-use assets		729	496
(e) Financial assets			
(i) Loans		158	179
(ii) Others		228	223
(f) Investments		75	-
(g) Deferred tax assets (net)		609	583
(h) Other non-current assets		433	498
Total non-current assets		14,347	13,383
2 Current assets			
(a) Inventories		11,421	9,046
(b) Financial assets			
(i) Trade receivables		14,074	14,428
(ii) Cash and cash equivalents		6	304
(iii) Bank balances other than (ii) above		641	632
(iv) Loans		85	61
(v) Others		950	310
(c) Current tax assets (net)		104	103
(d) Other current assets		3,185	2,076
Total current assets		30,466	26,960
3 Non-current asset held for sale		12	12
		30,478	26,972
Total assets		44,825	40,355
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital		1,024	1,024
(b) Other equity		10,871	9,795
Total equity		11,895	10,819
2 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings		6,854	6,126
(ia) Lease liabilities		648	416
(ii) Other financial liabilities		23	196
(b) Provisions		2,022	2,082
(c) Other non-current liabilities		493	378
Total non-current liabilities		10,040	9,198
3 Current liabilities			
(a) Financial liabilities			
(i) Borrowings		3,538	3,958
(ia) Lease liabilities		169	160
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises		345	325
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		17,160	14,748
(iii) Other financial liabilities		620	341
(b) Provisions		417	360
(c) Current tax liabilities (net)		64	5
(d) Other current liabilities		577	441
Total current liabilities		22,890	20,338
Total equity and liabilities		44,825	40,355

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7. Statement of Cash Flows:

		(₹ in lakhs)	
	Particulars	For the six month period ended 30 September, 2022	For the six month period ended 30 September, 2021
		(Unaudited)	(Unaudited)
A.	Cash flows from operating activities:		
	Net profit before tax	1,368	1,922
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	965	1,103
	Profit on disposal of property, plant and equipment (net)	(4)	-
	Finance costs	813	986
	Interest income	(26)	(26)
	Rent expenses	3	3
	Employee benefits expense	5	4
	Allowance for doubtful debts	-	3
	Fair value gain on financial instruments at fair value through profit or loss	(2)	-
	Unrealised exchange gain (net)	(191)	(125)
	Operating profit before working capital changes	2,931	3,870
	<u>Changes in working capital</u>		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	(2,375)	(2,642)
	Trade receivables	562	(1,062)
	Financial assets - loans	3	(44)
	Financial assets - others	(644)	140
	Other current and non-current assets	(1,185)	(498)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	2,417	1,010
	Other financial liabilities	(10)	13
	Other current and non-current liabilities	462	143
	Provisions	90	76
	Cash generated from operations	2,251	1,006
	Income tax paid (net)	(353)	(177)
	Net cash flows from operating activities (A)	1,898	829
B.	Cash flows from investing activities:		
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital advances)	(1,404)	(346)
	Proceeds from sale of property, plant and equipment	41	-
	Bank balances not considered as cash and cash equivalents (net)	(9)	(20)
	Interest received	16	17
	Investment made in mutual funds	(73)	-
	Net cash flows used in investing activities (B)	(1,429)	(349)
C.	Cash flows from financing activities:		
	Proceeds from long-term borrowings	3,640	519
	Repayment of long-term borrowings	(2,733)	(1,133)
	Interest paid	(748)	(898)
	Dividends paid	-	(2)
	Payment of lease liabilities	(153)	(144)
	Net cash flows from/(used in) financing activities (C)	6	(1,658)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	475	(1,178)
	Cash and cash equivalents at the beginning of the period	(2,922)	(2,227)
	Add: Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(18)	-
	Cash and cash equivalents at the end of six month period	(2,465)	(3,405)
	Cash and cash equivalents	6	9
	Other bank balances (represents cash credit, packing credit & funded interest)	(2,471)	(3,414)
	Cash and bank balances	(2,465)	(3,405)

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8. 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 during the quarter ended 30 September, 2021 had received compensation amounting to ₹ 514 lakhs which was 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) was disclosed as an Exceptional item.
9. In terms of approval of the Board of Directors at their meeting held on 20 October, 2021, the Company on 15 December, 2021 allotted 9,30,610 equity shares at a Price of ₹ 105 per share (including premium of ₹ 95 per share) to existing shareholders on rights basis. Basic and diluted earnings per share for the year ended 31 March, 2022 and for the quarter and six month period ended 30 September, 2021 have accordingly been adjusted for the effect of Rights Issue.
10. In terms of approval of the Board of Directors at their meeting held on 24 August, 2022, the Company had recommended bonus share issue in the ratio of 1:2 i.e. one equity bonus share for two fully paid-up equity shares. This has subsequently been approved by the Shareholders at their meeting held on 20 September, 2022. The record date was 28 September, 2022. Pursuant to the approval given by its shareholders, the Company has allotted 51,18,353 equity shares of Rs. 10 each as fully paid bonus equity shares to the eligible shareholders on 03 October, 2022. Basic and diluted earnings per share have accordingly been adjusted for the current period and previous periods and presented in accordance with Ind AS 33, Earnings Per Share. Necessary accounting entries shall be given effect to in quarter ending 31 December, 2022.
11. Previous period's figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors



SURINDER PAUL KANWAR
Chairman & Managing Director

Date : 10 November, 2022