

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

**To
The Board of Directors of
Bharat Gears Limited**

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date financial results of Bharat Gears Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the quarter ended March 31, 2021 and of the net loss and other comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information for the quarter ended March 31, 2021 and of the net loss and other comprehensive

income and other financial information of the Company for the year ended March 31, 2021 in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter


The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

AREPADI
KUMARASWAMY
ARUNA



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per Aruna Kumaraswamy

Partner

Membership No.: 219350

UDIN: 21219350AAAAAS3892

Place: Mumbai

Date: June 11, 2021

BHARAT GEARS LIMITED
CIN: L29130HR1971PLC034365
Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana)

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

	Particulars	Quarter ended			Current year ended (Audited)	Previous year ended
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		(Audited) Refer Note 6	(Unaudited)	(Audited) Refer Note 6	(Audited)	(Audited)
1	Revenue from operations (Refer note 3)	17,403	15,150	11,061	50,303	46,312
2	Other income (Refer note 4)	(7)	69	213	137	488
3	Total income (1+2)	17,396	15,219	11,274	50,440	46,800
4	Expenses					
	(a) Cost of materials and components consumed	9,533	7,608	5,655	25,599	22,245
	(b) Changes in inventories of finished goods and work-in-progress	(706)	(456)	(3)	(703)	1,597
	(c) Employee benefits expense (Refer note 5)	2,323	2,288	1,984	8,247	8,980
	(d) Finance costs	480	606	512	2,267	2,165
	(e) Depreciation and amortisation expense	581	599	655	2,415	2,669
	(f) Other expenses	4,861	4,093	2,809	13,580	11,626
	Total expenses	17,072	14,738	11,612	51,405	49,282
5	Profit/(loss) before tax (3-4)	324	481	(338)	(965)	(2,482)
6	Tax expense					
	1. Current tax	-	-	-	-	-
	2. Deferred tax	15	7	(70)	(227)	(555)
	3. (Excess)/Short provision for tax relating to prior years	32	-	(50)	32	(50)
7	Net profit/(loss) for the period (5-6)	277	474	(218)	(770)	(1,877)
8	Other comprehensive income/(loss)					
	(i) Items that will not be reclassified to profit or loss	165	(13)	(10)	127	(64)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(59)	23	-	(32)	(9)
9	Total comprehensive income/(loss) for the period (7+8)	383	484	(228)	(675)	(1,950)
10	Paid-up equity share capital (Face value ₹ 10/- per share)	931	931	931	931	931
11	Other equity (excluding revaluation reserve)				6450	7027
12	Earnings per share [face value of ₹ 10 /- each (* not annualised)]					
	Basic and diluted (₹)	*2.98	*5.09	*(2.34)	(8.27)	(20.38)

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Notes:

- The above financial results have been reviewed and recommended by the Audit Committee at their meeting held on 10 June, 2021 and have been approved by the Board of Directors at their meeting held on 11 June, 2021.
- 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".
- Merchandise Exports from India Scheme (MEIS) has been replaced by Remission of Duties and Taxes on Exported Products scheme (RoDTEP) w.e.f. 01 January, 2021. The Company is eligible for claim under the new scheme, however pending Government notification on rates, Company has not accrued income in respect of new scheme for the period 01 January, 2021 to 31 March, 2021.

The income recognised based on MEIS for the quarter ended 31 March, 2021, 31 December, 2020 and for the quarter ended 31 March, 2020 is ₹ Nil, ₹ 140 lakhs and ₹ 67 lakhs respectively and for the year ended 31 March, 2021 and 31 March, 2020 is ₹ 287 lakhs and ₹ 393 lakhs respectively.

- Other income includes:

(₹ in Lakhs)

Particulars	Quarter ended			Current year ended	Previous year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	(Audited) Refer Note 6	(Unaudited)	(Audited) Refer Note 6	(Audited)	(Audited)
Net exchange gain/(loss)	(32)	52	195	57	399

- Employee benefits expense includes:

(₹ in Lakhs)

Particulars	Quarter ended			Current year ended	Previous year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	(Audited) Refer Note 6	(Unaudited)	(Audited) Refer Note 6	(Audited)	(Audited)
Voluntary retirement scheme expense	-	4	9	195	145

- The figures of the quarters ended 31 March, 2021 and 31 March, 2020 are the balancing figures between audited figures in respect of the full financial years and the unaudited published year-to-date figures upto 31 December for respective years, which were subjected to limited review.

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7. Statement of Assets and Liabilities:

(₹ in Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
	Audited	Audited
A ASSETS		
1 Non-current assets		
(a) Property, plant and equipment	12,632	14,450
(b) Capital work-in-progress	132	217
(c) Intangible assets	107	127
(d) Right-of-use assets	620	376
(e) Financial assets		
(i) Loans	191	165
(ii) Others	215	207
(f) Deferred tax assets (net)	1,014	851
(g) Other non-current assets	358	361
	15,269	16,754
2 Current assets		
(a) Inventories	9,039	7,815
(b) Financial assets		
(i) Trade receivables	10,627	10,219
(ii) Cash and cash equivalents	10	69
(iii) Bank balances other than (ii) above	558	651
(iv) Loans	56	62
(v) Others	544	274
(c) Current tax assets (net)	92	55
(d) Other current assets	2,156	1,503
	23,082	20,648
3 Non-current asset held for sale	12	12
	23,094	20,660
TOTAL	38,363	37,414
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	931	931
(b) Other equity	6,450	7,027
	7,381	7,958
2 Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	6,662	8,231
(ii) Other financial liabilities	304	130
(iii) Lease liabilities	501	255
(b) Provisions	436	461
(c) Other non-current liabilities	1,959	1,930
	9,862	11,007
3 Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	2,237	4,224
(ii) Trade payables		
- total outstanding dues of micro enterprises and small enterprises	497	281
- total outstanding dues of creditors other than micro enterprises and small enterprises	15,154	10,626
(iii) Other financial liabilities	2,418	2,598
(iv) Lease liabilities	173	139
(b) Provisions	99	114
(c) Current tax liabilities (net)	41	40
(d) Other current liabilities	501	427
	21,120	18,449
TOTAL	38,363	37,414

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8. Unaudited statement of Cash Flows:

(₹ in Lakhs)

	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
A.	Cash flows from operating activities:		
	Net profit/(loss) before tax	(965)	(2,482)
	Adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expense	2,415	2,669
	(Profit) / Loss on disposal of property, plant and equipment (net)	(15)	1
	Finance costs	2,048	1,967
	Interest income	(52)	(75)
	Rent expenses	7	6
	Employee benefits expense	7	7
	Liabilities/provisions no longer required written back	(19)	(36)
	Allowance for doubtful debts	11	-
	Bad debts written off	3	-
	Other amounts written off	49	59
	Unrealised exchange (gain)/loss (net)	(45)	(190)
	Operating profit before working capital changes	3,444	1,926
	<u>Changes in working capital</u>		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	(1,273)	1,534
	Trade receivables	(366)	1,591
	Financial assets - loans	(40)	(13)
	Financial assets - others	(278)	396
	Other assets	(659)	1,045
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	4,752	(722)
	Other financial liabilities	169	184
	Other current and non current liabilities	230	(470)
	Provisions	(41)	(103)
	Cash generated from operations	5,938	5,368
	Income tax (paid)/refund (net)	(35)	(12)
	Net cash flows from/(used in) operating activities (A)	5,903	5,356
B.	Cash flows from investing activities:		
		(414)	(3,049)
	Purchase of property, plant and equipments and intangible assets (including capital work-in-progress, capital advances)		
	Proceeds from sale of property, plant and equipments	59	15
	Bank balances (including non-current) not considered as cash and cash equivalents (net)	94	26
	Interest received	37	61
	Net cash flows from/(used in) investing activities (B)	(224)	(2,947)
C.	Cash flows from financing activities:		
	Proceeds from long-term borrowings	-	2,500
	Rights issue of equity shares (net of share issue expenses of ₹ 51 Lakhs)	-	1,170
	Unsecured loan from Director	200	-
	Repayment of long-term borrowings	(1,783)	(2,116)
	Net increase/(decrease) in short-term borrowings	(1,920)	(1,306)
	Interest paid	(1,904)	(1,876)
	Dividends paid	(3)	(95)
	Tax on dividend	-	(19)
	Payment of lease liabilities	(261)	(250)
	Net cash flows from/(used in) financing activities (C)	(5,671)	(1,992)
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	8	417
	Cash and cash equivalents at the beginning of the year	(2,235)	(2,652)
	Cash and cash equivalents at the end of the year	(2,227)	(2,235)
	Cash and cash equivalents	10	69
	Other bank balances (represents cash credit, packing credit & funded interest)	(2,237)	(2,304)
	Cash and bank balances	(2,227)	(2,235)

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9. The Company's operations have been impacted by the unprecedented COVID-19 pandemic which resulted in an interruption to the production due to the nationwide lockdown in the initial part of this year. The Company has incurred loss before tax during the current year amounting to ₹965 lakhs, primarily owing to lower volumes in the initial months of the year due to COVID-19 pandemic, finance costs and depreciation.

The Company has been sanctioned additional facility under 'Emergency Credit Line Guarantee Scheme (ECLGS)' by the lenders and the management has adopted several cost reduction measures to maintain sufficient operational cashflows to ensure uninterrupted fulfilment of its orders from customers.

Based on management's assessment of market conditions supported by revival of demand by the OEMs, steady growth in revenue and in light of the additional facility being sanctioned, the management is confident of recovering the carrying value of its assets as at 31 March, 2021 and meeting its liabilities as they fall due. The carrying value of current and non-current assets are based on the internal and external sources of information indicators of economic forecasts existing as at the date of approval of these financial statements.

The estimates used for assessing the carrying value of assets and liabilities at 31 March, 2021 during the COVID-19 pandemic may undergo a change as these are dependent on the continuing impact of the pandemic on the economy and automotive sector and the Company will continue to monitor and address any material changes and its consequent impact on its business, if any.

10. Government of India's Code for Social Security 2020 (the 'Code') received assent from the President in September, 2020. However, the date from when the Code will become applicable and the Rules have not yet been notified. The Company will assess the impact of the Code and account for the same once the effective date and the rules are notified.

11. Previous period's figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors

**SURINDER
PAUL KANWAR**

Digitally signed by SURINDER PAUL KANWAR
DN: cn=SURINDER PAUL KANWAR, o=BHARAT GEARS LIMITED, ou=, email=surinder.paul.kanwar@bhargears.com, c=IN

SURINDER PAUL KANWAR
Chairman & Managing Director

Date : 11 June, 2021