

Independent Auditor's Report on proposed issue of equity shares, in accordance with Chapter VII, 'Preferential issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

The Board of Directors
Bharat Gears Limited
20 KM Mathura Road,
P.O. Amar Nagar
Faridabad 121003

1. The Report is issued in accordance with the terms of the service scope letter dated 15 September 2017 and master engagement agreement dated 12 September 2017 with Bharat Gears Limited (hereinafter the "Company").
2. The accompanying Statement of Computation of Minimum Price for the proposed Preferential Issue (the "Statement") has been prepared by management of the Company, which we have initialed for identification purpose only, is in accordance with Regulation 76(1) of the Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 (as amended) ("SEBI ICDR Regulations") in connection with the placement of Preferential shares of the Company under Chapter VII "Preferential Issue" of the SEBI ICDR Regulations.

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the SEBI ICDR Regulations.

Auditor's Responsibility

5. Pursuant to the requirements of SEBI ICDR Regulations, it is our responsibility to provide a reasonable assurance in the form of an opinion; whether the proposed preferential issue of 3,25,000 Equity Shares is being made in accordance with the requirements of Chapter VII of SEBI (ICDR) Regulations, 2009, as amended from time to time.
6. We conducted our examination of the Statement and other matters relating to the proposed preferential issue in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. In addition to the foregoing, our scope of work did not include verification of compliance with other requirements of the SEBI ICDR Regulations, other circulars, notifications, etc. as issued by relevant regulatory authorities from time to time, and any other laws and regulations applicable to the Company. Further, our scope of work did not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company, taken as a whole.



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8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the reporting criteria. Accordingly, we have performed the following procedures in relation to the proposed preferential issue. :
 - i. Verified the minutes of the meeting of the Finance Committee of Board of Directors held on 18 September 2017 to determine the opening of the issue and verified that the Company has determined the 'Relevant Date' as defined in the Regulation 71 of SEBI ICDR Regulations as 21 September 2017 in respect of the proposed preferential issue of 3,25,000 Equity Shares;
 - ii. Obtained the certified copy of the resolution passed at the meeting of the Finance Committee of Board of Directors held on 18 September 2017 in respect of the proposed preferential issue of 3,25,000 Equity Shares;
 - iii. Obtained the copy of the notice of postal ballot to shareholders for the proposed preferential issue of equity shares approved by the Finance Committee of Board of Directors in their meeting held on 18 September 2017;
 - iv. Obtained the Dematerialised statement of the holding of securities of the proposed allottee for the period from 21 March 2017 to 20 September 2017;
 - v. Obtained a copy of letter dated 19 September 2017 received from National Securities Depository Limited relating to incorporation of lock-in of 22,89,667 equity shares of the Company for a period up to 15 June 2018, held by the proposed allottee of the preferential issue;
 - vi. Obtained the copy of Permanent Account Number of the proposed allottee;
 - vii. Obtained a copy of letter dated 21 September 2017 from Link Intime India Private Limited, Registrar and Transfer Agent (RTA), providing beneficial shareholding positions of the proposed allottee for the period from 17 March 2017 to 20 September 2017, i.e. six months preceding the relevant date;
 - viii. Obtained the Statement of Computation of Minimum Price for the proposed Preferential Issue calculated based on the pricing formula prescribed under Regulation 76(1) of the SEBI Regulations;
 - ix. Downloaded the data of weekly high and low of the volume weighted average price of related equity shares of the Company from the official website of National Stock Exchange ('NSE') and Bombay Stock Exchange ('BSE') and computed the average of weekly high and low of the volume weighted average price and traced the same in the Statement;
 - x. Reviewed the computation of the minimum issue price determined by management based on higher of (a) or (b) below, provided as under:
 - (a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the NSE and BSE during the twenty six weeks preceding the relevant date; or



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- (b) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on NSE and BSE during the two weeks preceding the relevant date.

The average price referred to in (a) and (b) above and also mentioned in the Statement, was based on the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the NSE and BSE, during the twenty six weeks preceding the 'Relevant Date' i.e. period from 23 March 2017 to 20 September 2017:

- xi. Performed necessary inquiries with the management and obtained necessary representation from management.

Opinion

10. Based on the procedures performed by us as above, and the information and explanations given to us, in our opinion; the minimum price for the proposed preferential issue as per the Statement is Rs. 157.32 per share as per trading on NSE (the exchange in which the highest trading volume in respect of the equity shares of the Company has been recorded during the twenty six weeks prior to the relevant date) and is computed in accordance with Regulation 76(1) of the SEBI ICDR Regulations.
11. We further certify that the proposed preferential issue of 3,25,000 Equity Shares is being made in accordance with the requirements of SEBI (ICDR) Regulations, 2009 as amended from time to time.

Restriction on Use

12. This report is intended solely for the use of the management of the Company for the purpose of placing before General meeting of shareholders/making it available for inspection by shareholders and/or submission to the Bombay Stock Exchange Limited and / or National Stock Exchange of India Limited in connection with the placement of equity shares under Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and is not to be used for any marketing, sale or any other offer of securities or referred to for any other purpose or distributed to any other person without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior written consent in writing. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



Pramod Kumar Bapna

Partner

Membership Number: 105497

Place of Signature: Mumbai

Date: 21 September 2017





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Statement of Computation of Minimum Price for the proposed Preferential Issue

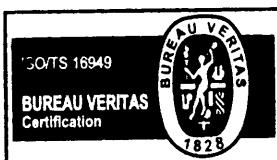
A. As per National Stock Exchange:

- (a) The average of the weekly high and low of the volume weighted average price of the equity shares during the Twenty six weeks preceding the relevant date

Weeks (representing Twenty six weeks from the relevant date)	From	To	Weekly high of the volume weighted average price (Rs.)	Weekly low of the volume weighted average price (Rs.)	Average Price (Rs.)
1	23/03/2017	29/03/2017	116.36	110.59	113.47
2	30/03/2017	05/04/2017	120.74	116.21	118.48
3	06/04/2017	12/04/2017	132.4	127.61	130.01
4	13/04/2017	19/04/2017	128.43	120.37	124.40
5	20/04/2017	26/04/2017	132.45	124.41	128.43
6	27/04/2017	03/05/2017	127.70	122.00	124.85
7	04/05/2017	10/05/2017	133.20	120.45	126.83
8	11/05/2017	17/05/2017	131.97	125.39	128.68
9	18/05/2017	24/05/2017	124.75	121.71	123.23
10	25/05/2017	31/05/2017	130.67	117.47	124.07
11	01/06/2017	07/06/2017	139.94	132.18	136.06
12	08/06/2017	14/06/2017	140.09	130.97	135.53
13	15/06/2017	21/06/2017	138.54	130.48	134.51
14	22/06/2017	28/06/2017	144.04	132.19	138.12
15	29/06/2017	05/07/2017	158.56	138.47	148.52
16	06/07/2017	12/07/2017	184.65	158.73	171.69
17	13/07/2017	19/07/2017	186.45	171.81	179.13
18	20/07/2017	26/07/2017	179.64	171.62	175.63
19	27/07/2017	02/08/2017	172.95	163.14	168.05
20	03/08/2017	09/08/2017	172.26	156.69	164.48
21	10/08/2017	16/08/2017	144.26	134.90	139.58
22	17/08/2017	23/08/2017	150.58	143.14	146.86
23	24/08/2017	30/08/2017	143.74	140.33	142.04
24	31/08/2017	06/09/2017	150.4	140.54	145.47
25	07/09/2017	13/09/2017	159.66	147.41	153.54
26	14/09/2017	20/09/2017	165.62	156.57	161.10
				Average Price (Rs.)	141.64

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Website : www.bharatgears.com Corporate Identity No. : L29130HR1971PLC034365




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- (b) The average of the weekly high and low of the volume weighted average prices during the two weeks preceding the relevant date

Weeks	From	To	Weekly high of the volume weighted average price (Rs.)	Weekly low of the volume weighted average price (Rs.)	Average Price (Rs.)
1	07/09/2017	13/09/2017	159.66	147.41	153.54
2	14/09/2017	20/09/2017	165.62	156.57	161.10
Average Price (Rs.)					157.32

Minimum Price: Higher of (a) or (b) in above table i.e. Rs. 157.32

Trading Volume of Equity Shares during twenty six weeks prior to the relevant date :87,43,961

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Continuation Sheet

B. As per Bombay Stock Exchange:

- (a) The average of the weekly high and low of the volume weighted average price of the equity shares during the **Twenty six weeks** preceding the relevant date

Weeks (representing Twenty six weeks from the relevant date)	From	To	Weekly high of the volume weighted average price (Rs.)	Weekly low of the volume weighted average price (Rs.)	Average Price (Rs.)
1	23/03/2017	29/03/2017	116.42	109.61	113.02
2	30/03/2017	05/04/2017	122.29	116.44	119.37
3	06/04/2017	12/04/2017	132.40	127.36	129.88
4	13/04/2017	19/04/2017	128.43	120.23	124.33
5	20/04/2017	26/04/2017	132.16	123.69	127.93
6	27/04/2017	03/05/2017	127.97	122.74	125.35
7	04/05/2017	10/05/2017	133.24	121.06	127.15
8	11/05/2017	17/05/2017	131.77	124.93	128.35
9	18/05/2017	24/05/2017	125.36	121.97	123.67
10	25/05/2017	31/05/2017	131.13	117.40	124.26
11	01/06/2017	07/06/2017	139.95	131.23	135.59
12	08/06/2017	14/06/2017	140.19	131.45	135.82
13	15/06/2017	21/06/2017	139.10	130.42	134.76
14	22/06/2017	28/06/2017	144.43	131.46	137.95
15	29/06/2017	05/07/2017	157.54	138.76	148.15
16	06/07/2017	12/07/2017	183.56	158.87	171.21
17	13/07/2017	19/07/2017	185.58	171.60	178.59
18	20/07/2017	26/07/2017	180.01	172.17	176.09
19	27/07/2017	02/08/2017	173.89	163.26	168.58
20	03/08/2017	09/08/2017	171.76	156.98	164.37
21	10/08/2017	16/08/2017	144.17	135.29	139.73
22	17/08/2017	23/08/2017	150.32	142.05	146.18
23	24/08/2017	30/08/2017	142.55	139.61	141.08
24	31/08/2017	06/09/2017	150.70	139.88	145.29
25	07/09/2017	13/09/2017	160.07	146.99	153.53
26	14/09/2017	20/09/2017	166.98	156.99	161.99
			Average Price (Rs.)		141.62

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Continuation Sheet

- (b) The average of the weekly high and low of the volume weighted average prices during the two weeks preceding the relevant date

Weeks	From	To	Weekly high of the volume weighted average price (Rs.)	Weekly low of the volume weighted average price(Rs.)	Average Price(Rs.)
1	07/09/2017	13/09/2017	160.07	146.99	153.53
2	14/09/2017	20/09/2017	166.98	156.99	161.99
Average Price (Rs.)					157.76

Minimum Price: Higher of (a) or (b) in above table i.e. Rs. 157.76

Trading Volume of Equity Shares during twenty six weeks prior to the Relevant Date :24,34,996

For Bharat Gears Limited



Milind Pujari
Chief Financial Officer
Date : 21 September, 2017
Place: Mumbra

