

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, 2020 and year to date from April 1, 2020 to September 30, 2020 (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.
5. We draw your attention to Note 8 of the Statement, which describes the uncertainties and the impact of continuing slowdown in the automotive industry and COVID-19 pandemic on the Company's operations, cashflows and financial performance as assessed by the Management of the Company. The estimates as at the approval of the Statement may differ based on the ongoing impact of the pandemic, improvement in the economy and the automotive sector.
Our conclusion is not modified in respect of this matter.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

AREPADI
KUMARASWAMY
ARUNA

Digitally signed by AREPADI
KUMARASWAMY ARUNA
DN: cn=AREPADI KUMARASWAMY
ARUNA, c=IN, o=Personal,
email=aruna.kumaraswamy@srb.in
Date: 2020.11.09 14:26:16 +05'30'

per Aruna Kumaraswamy

Partner

Membership No.: 219350

UDIN: 20219350AAAABZ5339

Place: Mumbai

Date: November 09, 2020

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 SEPTEMBER, 2020

(₹ in Lakhs)

	Particulars	Quarter ended			Six months period ended		Previous year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	12,824	4,926	13,271	17,750	24,759	46,312
2	Other income (Refer note 4)	25	50	163	75	203	488
3	Total Income (1+2)	12,849	4,976	13,434	17,825	24,962	46,800
4	Expenses						
	(a) Cost of materials and components consumed	6,492	1,967	6,350	8,459	11,723	22,245
	(b) Changes in inventories of finished goods and work-in-progress	(244)	704	376	460	898	1,597
	(c) Employee benefits expense (Refer note 5)	2,164	1,471	2,325	3,635	4,737	8,980
	(d) Finance costs	633	548	563	1,181	1,119	2,165
	(e) Depreciation and amortisation expense	609	626	672	1,235	1,337	2,669
	(f) Other expenses	3,423	1,202	3,139	4,625	6,219	11,626
	Total expenses	13,077	6,518	13,425	19,595	26,033	49,282
5	Profit/(loss) before tax (3-4)	(228)	(1,542)	9	(1,770)	(1,071)	(2,482)
6	Tax expense						
	1. Current tax	-	-	978	-	-	-
	2. Excess provision for tax relating to prior years	-	-	-	-	-	(50)
	3. Deferred tax	(21)	(228)	(811)	(249)	(210)	(555)
7	Net profit/(loss) for the period (5-6)	(207)	(1,314)	(158)	(1,521)	(861)	(1,877)
8	Other comprehensive Income/(loss)						
	(i) Items that will not be reclassified to profit or loss	(13)	(13)	(18)	(26)	(36)	(64)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	1	3	(21)	4	(15)	(9)
9	Total comprehensive income/(loss) for the period (7+8)	(219)	(1,324)	(197)	(1,543)	(912)	(1,950)
10	Paid-up equity share capital (Face value ₹ 10/- per share)	931	931	931	931	931	931
11	Other equity (excluding revaluation reserve)						7027
12	Earnings per share (face value of ₹ 10 /- each (* not annualised)) Basic and diluted (₹)	*(2.23)	*(14.12)	*(1.70)	(16.35)	*(9.44)	(20.38)



- 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, 2020.
 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 months period ended		Previous year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net exchange gain	3	34	133	37	150	399

5. Employee benefits expense includes:

Particulars	Quarter ended			Six months period ended		Previous year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Voluntary retirement scheme expense	62	129	-	191	-	145



BHARAT GEARS LIMITED

CIN: L29130HR1971PLC034365

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

6. Statement of Assets and Liabilities:

Particulars		(₹ in Lakhs)	
		As at 30.09.2020 Unaudited	As at 31.03.2020 Audited
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	13,385	14,450	
(b) Capital work-in-progress	311	217	
(c) Intangible assets	114	127	
(d) Right-of-use assets	725	376	
(d) Financial assets			
(i) Loans	190	165	
(ii) Others	204	207	
(e) Deferred tax assets (net)	1,104	851	
(f) Other non-current assets	358	361	
	16,391	16,754	
2 Current assets			
(a) Inventories	7,465	7,815	
(b) Financial assets			
(i) Trade receivables	11,324	10,219	
(ii) Cash and cash equivalents	20	69	
(iii) Bank balances other than (ii) above	631	651	
(iv) Loans	88	62	
(v) Others	272	274	
(c) Current tax assets (net)	73	55	
(d) Other current assets	1,721	1,503	
	21,594	20,648	
3 Non-current asset held for sale	12	12	
	21,606	20,660	
TOTAL	37,997	37,414	
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	931	931	
(b) Other equity	5,484	7,027	
	6,415	7,958	
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	7,680	8,231	
(ii) Other financial liabilities	308	130	
(iii) Lease liabilities	602	255	
(b) Provisions	495	461	
(c) Other non-current liabilities	2,066	1,930	
	11,151	11,007	
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	4,312	4,224	
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	531	281	
- total outstanding dues of creditors other than micro enterprises and small enterprises	11,031	10,626	
(iii) Other financial liabilities	3,780	2,598	
(iv) Lease liabilities	160	139	
(b) Provisions	118	114	
(c) Current tax liabilities (net)	40	40	
(d) Other current liabilities	459	427	
	20,431	18,449	
TOTAL	37,997	37,414	



BHARAT GEARS LIMITED

CIN: L29130HR1971PLC034365

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

7. Unaudited statement of Cash Flows:

(₹ in Lakhs)

	Particulars	For the six months period ended 30 September, 2020	For the six months period ended 30 September, 2019
A.	Cash flows from operating activities:		
	Net profit/(loss) before tax	(1,770)	(1,071)
	Adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expense	1,235	1,337
	(Profit) / Loss on disposal of property, plant and equipment (net)	(3)	(1)
	Finance costs	1,089	1,013
	Interest income	(26)	(46)
	Rent expenses	3	3
	Employee benefits expense	3	3
	Other amounts written off	-	(7)
	Unrealised exchange (gain)/loss (net)	(28)	(58)
	Operating profit before working capital changes	503	1,173
	<u>Changes in working capital</u>		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	350	1,037
	Trade receivables	(1,077)	177
	Financial assets - loans	(55)	(13)
	Financial assets - others	3	263
	Other assets	(214)	827
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	656	(923)
	Other financial liabilities	182	43
	Other current and non current liabilities	142	(571)
	Provisions	39	106
	Cash generated from operations	529	2,119
	Income tax (paid)/refund (net)	(18)	26
	Net cash flows from/(used in) operating activities (A)	511	2,145
B.	Cash flows from investing activities:		
		(242)	(2,520)
	Purchase of property, plant and equipments and intangible assets (including capital work-in-progress, capital advances)		
	Proceeds from sale of property, plant and equipments	7	12
	Bank balances (including non-current) not considered as cash and cash equivalents (net)	20	52
	Interest received	19	40
	Net cash flows from/(used in) investing activities (B)	(196)	(2,416)
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
	Repayment of long-term borrowings	(19)	(878)
	Net increase/(decrease) in short-term borrowings	(268)	(1,863)
	Interest paid	(301)	(956)
	Dividends paid	(3)	(93)
	Tax on dividend	-	(19)
	Payment of lease liabilities	(129)	(116)
	Net cash flows from/(used in) financing activities (C)	(720)	(255)
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	(405)	(526)
	Cash and cash equivalents at the beginning of the year	(2,235)	(2,652)
	Add: Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	-	7
	Cash and cash equivalents at the end of six months period	(2,640)	(3,171)
	Cash and cash equivalents	20	41
	Other bank balances (represents cash credit, packing credit & funded interest)	(2,660)	(3,212)
	Cash and bank balances	(2,640)	(3,171)

BHARAT GEARS LIMITED

CIN: L29130HR1971PLC034365

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

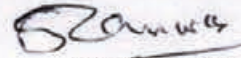
8. The Company's operations have been impacted by the unprecedented COVID-19 pandemic which resulted in an interruption to the production due to the shutdown of all its plant facilities and offices due to the nationwide lockdown. The Company had recommenced its operations at its factories in a phased manner after taking into account all government guidelines. The Company has incurred loss before tax during the quarter and six months period ended September 30, 2020 amounting to ₹ 228 Lakhs and ₹ 1,770 Lakhs respectively, primarily on account of lower volumes in the first quarter June 2020, depreciation and to some extent on account of increased finance cost. The Company has a positive net worth of ₹ 6,415 Lakhs and ₹ 7,958 Lakhs and a net current asset position of ₹ 1,163 Lakhs and ₹ 2,199 Lakhs, respectively as on September 30, 2020 and March 31, 2020. The Company has outstanding term loans amounting to ₹ 10,631 Lakhs as at September 30, 2020 out of which ₹ 2,330 Lakhs is due for repayment within next twelve months. The Company is also liable to pay principal of ₹ 567 Lakhs and interest of ₹ 725 Lakhs for the period ended September 2020.

The Company has applied for restructuring of its term loans availed from KKR India Financial Services Limited (KKR), under Reserve Bank of India (RBI) guidelines issued on August 06, 2020- 'Resolution Framework for COVID-19-related Stress' ("Prudential Framework"), during the first week of September 2020. There is an invocation period allowed under RBI Prudential Framework upto December 31, 2020. The lender has not cited any reservation to accepting the application and draft term sheet has been prepared and proposal is actively under discussion for finalisation. Considering the ongoing restructuring proposal, the dues as at September 30, 2020 are deferred and further the lender has not recalled the said facility. Based on the terms of the restructuring proposal under discussion, the Company is confident of managing its cashflow requirements for its operations in the next 12 months.

The Company is continually reassessing the impact of the pandemic on its operations, the trends in the commercial vehicles market segment and the carrying value of current and non-current assets. Based on their assessment and in light of the aforementioned loan restructuring proposal, the management is confident of recovering the carrying value of its assets as at 30 September 2020 and meeting its liabilities as they fall due. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

9. 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 : 09 November, 2020