

BGL/SEC/NSE/3/JUNE 2020-2021

BGL/SEC/BSE/2/JUNE 2020-2021

June 28, 2020

The Manager (Listing)
National Stock Exchange of India Ltd
"Exchange Plaza", 5th Floor,
Plot No. C-1, G - Block,
Bandra Kurla Complex,
Bandra (E),
Mumbai - 400051

The Manager (Listing)
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building
PJ Towers, Dalal Street
Fort, Mumbai - 400001

SYMBOL: BHARATGEAR

STOCK CODE: 505688

Sub: Outcome of Board Meeting 1/20-21

Dear Sir/Madam,

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("the Regulations") we are enclosing herewith Audited Financial Results of the Company along with Audit Report thereon for the quarter and year ended March 31, 2020 approved by the Board of Directors of the Company at its Meeting held on June 28, 2020 along with the declaration for unmodified opinion pursuant to Regulation 33(3)(d) of the Regulations.

The meeting of Board of Directors of the Company commenced at 11:30 A.M. and concluded at 02:15 P.M.

You are requested to kindly take the same on records.

Thanking you,

Yours faithfully,
For **BHARAT GEARS LIMITED**


Prashant Khattry
Head (Legal) and Company Secretary



Encl: As above

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Dear Sir/Madam,

Sub: Declaration Pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for unmodified opinion

DECLARATION FOR UNMODIFIED OPINION

We hereby declare that, the Statutory Auditors of the Company M/s S R B C & Co LLP, Chartered Accountants, (Firm Registration No. 324982E/E3C00003) have issued an Audit Report with unmodified opinion on Standalone Financial Results for the quarter & year ended March 31, 2020.

Thanking you,

Yours faithfully,
For **Bharat Gears Limited**


Prashant Khattry
Head (Legal) and Company Secretary



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, 2020 and for the year ended March 31, 2020 ("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 loss and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

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.

Emphasis of Matter

We draw attention to Note 9 to the Financial Results, which describes the uncertainties and the impact of continuing slowdown in the automotive industry and COVID-19 pandemic on the Company's operations and financial performance as assessed by the Management of the Company. The estimates as at the date of approval of these financial results may differ based on the ongoing impact of the pandemic, improvement in the economy and the automotive sector.

Our opinion is not modified in respect of this matter.

Bharat Gear Limited**Independent Auditor's Report - March 31, 2020****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 loss and other comprehensive loss of the Company and other financial information 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

Bharat Gear Limited

Independent Auditor's Report - March 31, 2020

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, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 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

PRAMOD
KUMAR BAPNA

Digitally signed by PRAMOD
KUMAR BAPNA
DN: cn=PRAMOD KUMAR
BAPNA, c=IN, o=Personal,
email=pramod.bapna@srb.in
Date: 2020.06.28 14:30:59 +05'30'

per Pramod Kumar Bapna

Partner

Membership No.: 105497

UDIN: 20105497AAAABM7559

Place: Mumbai

Date : June 28, 2020

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, 2020

(₹ in lacs)

	Particulars	Quarter ended			Current year ended (Audited)	Previous year ended (Audited)
		31.03.2020 (Audited) Refer Note 7	31.12.2019 (Unaudited)	31.03.2019 (Audited) Refer Note 7	31.03.2020 (Audited)	31.03.2019 (Audited)
		1	Revenue from operations	11,061	10,492	14,368
2	Other income (Refer note 3)	213	72	41	488	475
3	Total income (1+2)	11,274	10,564	14,409	46,800	59,915
4	Expenses					
	(a) Cost of materials and components consumed	5,655	4,867	6,881	22,245	28,840
	(b) Changes in inventories of finished goods and work-in-progress	(3)	702	66	1,597	(1,429)
	(c) Employee benefits expense (Refer note 4)	1,984	2,259	2,479	8,980	9,840
	(d) Finance costs	512	535	591	2,165	2,197
	(e) Depreciation and amortisation expense	655	677	586	2,669	2,176
	(f) Other expenses	2,809	2,599	3,755	11,626	16,346
	Total expenses	11,612	11,639	14,358	49,282	57,970
5	Profit/(loss) before tax (3-4)	(338)	(1,075)	51	(2,482)	1,945
6	Tax expense					
	1. Current tax	-	-	(208)	-	692
	2. Excess provision for tax relating to prior years	(50)	-	-	(50)	(3)
	3. Deferred tax	(70)	(275)	221	(555)	3
7	Net profit/(loss) for the period (5-6)	(218)	(800)	38	(1,877)	1,253
8	Other comprehensive income/(loss)					
	(i) Items that will not be reclassified to profit or loss	(10)	(18)	(225)	(64)	(285)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	6	78	(9)	99
9	Total comprehensive income/(loss) for the period (7+8)	(228)	(812)	(109)	(1,950)	1,067
10	Paid-up equity share capital (Face value ₹ 10/- per share)	931	931	814	931	814
11	Other equity (excluding revaluation reserve)				7027	8035
12	Earnings per share [face value of ₹ 10/- each (* not annualised)] Basic and diluted (₹)	*(2.34)	*(8.60)	* 0.45	(20.38)	14.84

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Notes:

- The above financial results have been reviewed and recommended by the Audit Committee at their meeting held on 27 June, 2020 and have been approved by the Board of Directors at their meeting held on 28 June, 2020.
- 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".
- Other income includes:

(₹ in lacs)

Particulars	Quarter ended			Current year ended (Audited)	Previous year ended (Audited)
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Audited) Refer Note 7	(Unaudited)	(Audited) Refer Note 7	(Audited)	(Audited)
Net exchange gain	195	55	23	399	391

- Employee benefits expense includes:

(₹ in lacs)

Particulars	Quarter ended			Current year ended (Audited)	Previous year ended (Audited)
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Audited) Refer Note 7	(Unaudited)	(Audited) Refer Note 7	(Audited)	(Audited)
Voluntary retirement scheme expense	9	136	-	145	71

- The Company has adopted Ind AS 116 'Leases' effective 01 April, 2019. This has resulted in recognising right-of-use asset and corresponding lease liability of ₹ 485 lacs as at 01 April, 2019. Resulting impact in the financial results for the quarter and year ended 31 March, 2020 is an increase of ₹ 49 lacs and ₹ 201 lacs in depreciation for the right-of-use assets, an increase of ₹ 11 lacs and ₹ 51 lacs in finance costs on lease liability and a decrease in lease rent cost of ₹ 58 lacs and ₹ 235 lacs respectively.
- In terms of approval of Board of Directors at their meeting held on 09 October, 2018, the Company on 10 May, 2019 allotted 11,63,262 equity shares at a Price of ₹ 105 per share (including premium of ₹ 95 per share) to existing shareholders on rights basis. Pursuant to this allotment, the securities premium stands increased by ₹ 1054 lacs net of share issue expenses of ₹ 51 lacs. The proceeds from Rights Issue have been utilised for the intended purposes. Basic and diluted earnings per share for the quarter and year ended 31 March 2019 have been accordingly adjusted for effect of Rights Issue.
- The figures of the quarters ended 31 March, 2020 and 31 March, 2019 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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8. Statement of Assets and Liabilities:

(₹ in lacs)

Particulars		As at 31.03.2020	As at 31.03.2019
		Audited	Audited
A	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	14,450	14,382
	(b) Capital work-in-progress	217	1,007
	(c) Intangible assets	127	150
	(d) Right-of-use assets	376	-
	(e) Financial assets		
	(i) Loans	165	138
	(ii) Others	207	180
	(f) Deferred tax assets (net)	851	305
	(g) Other non-current assets	361	527
		16,754	16,689
2	Current assets		
	(a) Inventories	7,815	9,407
	(b) Financial assets		
	(i) Trade receivables	10,219	11,604
	(ii) Cash and cash equivalents	69	57
	(iii) Bank balances other than (ii) above	651	677
	(iv) Loans	62	74
	(v) Others	274	693
	(c) Current tax assets (net)	55	66
	(d) Other current assets	1,503	2,692
		20,648	25,270
3	Non-current asset held for sale	12	12
		20,660	25,282
	TOTAL	37,414	41,971
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	931	814
	(b) Other equity	7,027	8,035
		7,958	8,849
2	Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	8,231	8,128
	(ii) Other financial liabilities	130	-
	(iii) Lease liabilities	255	-
	(b) Provisions	461	538
	(c) Other non-current liabilities	1,930	1,710
		11,007	10,376
3	Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	4,224	5,935
	(ii) Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	281	410
	- total outstanding dues of creditors other than micro enterprises and small enterprises	10,626	11,233
	(iii) Other financial liabilities	2,598	3,866
	(iv) Lease liabilities	139	-
	(b) Provisions	114	140
	(c) Current tax liabilities (net)	40	109
	(d) Other current liabilities	427	1,053
		18,449	22,746
	TOTAL	37,414	41,971

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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 shutdown of all its plant facilities and offices due to the nationwide lockdown. The Company has since obtained requisite permissions and restarted its manufacturing plants and its offices.

The Company has incurred loss before tax during the current year amounting to ₹ 2482 lacs, primarily owing to the lower volumes due to continuing slowdown in the automotive industry, finance costs and depreciation. The Company has a positive net worth of ₹ 7958 lacs and a net current asset position of ₹ 2198 lacs. The Company has outstanding term loans amounting to ₹ 10542 lacs as at 31 March, 2020, out of which ₹ 2312 lacs is due for repayment in next year.

The Company is adopting several cost reduction measures to address the liquidity crunch which may arise due to the impact of the slowdown in industry and pandemic and to maintain sufficient operational cashflows to ensure uninterrupted fulfilment of its orders from customers. The Company has sought moratorium from lenders, and is also in discussions with lenders for the restructuring of term loans.

The Company had made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts existing as at the date of approval of these financial results. Based on such assessment, the Company is confident of recovering the carrying value of these assets as at 31 March, 2020.

The estimates used for assessing the carrying value of assets and liabilities at 31 March, 2020 during the COVID-19 pandemic may undergo a change as these are dependent on the improvement in the economy and automotive sector. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

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10. Statement of Cash Flows:

(₹ in lacs)

	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
A.	Cash flows from operating activities:		
	Net profit/(loss) before tax	(2,482)	1,945
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	2,669	2,176
	Loss on disposal of property, plant and equipment (net)	1	25
	Finance costs	1,967	1,938
	Interest income	(75)	(68)
	Rent expenses	6	5
	Employee benefits expense	7	7
	Liabilities/provisions no longer required written back	(36)	(36)
	Allowance for doubtful debts	-	9
	Bad debts written off	-	3
	Other amounts written off	59	1
	Unrealised exchange gain (net)	(190)	(76)
	Operating profit before working capital changes	1,926	5,929
	Changes in working capital		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	1,534	(1,704)
	Trade receivables	1,591	1,162
	Financial assets - loans	(13)	(23)
	Financial assets - others	396	(422)
	Other Assets	1,045	(93)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(722)	(41)
	Other financial liabilities	184	10
	Other current and non-current liabilities	(470)	914
	Provisions	(103)	137
	Cash generated from operations	5,368	5,869
	Income tax paid (net)	(12)	(858)
	Net cash flows from operating activities (A)	5,356	5,011
B.	Cash flows from investing activities:		
	Purchase of property, plant and equipments and intangible assets	(3,049)	(5,567)
	Proceeds from sale of property, plant and equipments	15	10
	Bank balances not considered as cash and cash equivalents (net)	26	(108)
	Interest received	61	53
	Net cash flows used in investing activities (B)	(2,947)	(5,612)
C.	Cash flows from financing activities:		
	Proceeds from rights issue of equity shares (net of share issue expenses of ₹ 51 lacs)	1,170	-
	Proceeds from long-term borrowings	2,500	2,300
	Repayment of long-term borrowings	(2,116)	(535)
	Repayment of short-term borrowings	(1,306)	(179)
	Interest paid	(1,876)	(2,085)
	Dividends paid	(95)	2
	Dividend distribution tax paid	(19)	-
	Payment of lease liabilities	(250)	(1)
	Net cash flows from/(used in) financing activities (C)	(1,992)	(498)
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	417	(1,099)
	Cash and cash equivalents at the beginning of the year	(2,652)	(1,553)
	Cash and cash equivalents at the end of the year	(2,235)	(2,652)
	Cash and cash equivalents	69	57
	Other bank balances (including loan repayable on demand from banks)	(2,304)	(2,709)
	Cash and bank balances	(2,235)	(2,652)

11. 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 : 28 June, 2020