

# Deloitte Haskins & Sells

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## INDEPENDENT AUDITORS' REVIEW REPORT 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 Nine Months ended December 31, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 4 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. 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 is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Nine Months Ended December 31, 2013 of the Statement, from the details furnished by the Management/Registrars.

**CERTIFIED TRUE COPY**



Faridabad, January 30, 2014

*[Handwritten mark]*

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117365W)

*[Handwritten signature]*

Saira Nainar  
Partner  
(Membership No. 040081)



## BHARAT GEARS LIMITED

Registered Office : 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad - 121 003 (Haryana)

## Part I

## STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013

(₹ in lacs)

|       | Particulars   | Quarter ended |               |              | Nine months ended |               | Previous Year ended |
|-------|---|---------------|---------------|--------------|-------------------|---------------|---------------------|
|       |   | 31.12.2013    | 30.09.2013    | 31.12.2012   | 31.12.2013        | 31.12.2012    | 31.03.2013          |
|       |   | (Unaudited)   |               |              | (Unaudited)       |               | (Audited)           |
| 1     | Income from operations  |               |               |              |                   |               |                     |
|       | (a) Net sales/income from operations (net of excise duty)   | 10,746        | 10,869        | 8,953        | 30,998            | 28,867        | 38,623              |
|       | (b) Other operating income  | 144           | 195           | 112          | 479               | 415           | 639                 |
|       | <b>Total income from operations (net)</b>   | <b>10,890</b> | <b>11,064</b> | <b>9,065</b> | <b>31,477</b>     | <b>29,282</b> | <b>39,262</b>       |
| 2     | Expenses  |               |               |              |                   |               |                     |
|       | (a) Cost of materials consumed  | 4,994         | 5,395         | 4,472        | 15,757            | 14,443        | 19,613              |
|       | (b) Changes in inventories of finished goods and work-in-progress   | 238           | (148)         | 253          | (559)             | 429           | 297                 |
|       | (c) Employee benefits expense (Refer Notes 4 & 5)   | 1,796         | 1,654         | 1,387        | 5,025             | 4,296         | 5,798               |
|       | (d) Power and fuel  | 1,074         | 1,042         | 879          | 3,050             | 2,698         | 3,576               |
|       | (e) Depreciation and amortisation expense   | 372           | 307           | 293          | 977               | 863           | 1,155               |
|       | (f) Other expenses  | 2,163         | 2,038         | 1,514        | 6,154             | 5,327         | 7,183               |
|       | <b>Total expenses</b>   | <b>10,637</b> | <b>10,288</b> | <b>8,798</b> | <b>30,404</b>     | <b>28,056</b> | <b>37,622</b>       |
| 3     | Profit from operations before other income, finance costs and exceptional items (1-2)                           | 253           | 776           | 267          | 1,073             | 1,226         | 1,640               |
| 4     | Other income (Refer Note 6)   | 4             | 118           | 98           | 326               | 268           | 270                 |
| 5     | Profit from ordinary activities before finance costs and exceptional items (3+4)                                | 257           | 894           | 365          | 1,399             | 1,494         | 1,910               |
| 6     | Finance costs   | 423           | 331           | 311          | 1,037             | 908           | 1,165               |
| 7     | Profit/(loss) from ordinary activities after finance costs but before exceptional items (5-6)                   | (166)         | 563           | 54           | 362               | 586           | 745                 |
| 8     | Exceptional items   | -             | -             | -            | -                 | -             | -                   |
| 9     | Profit/(loss) from ordinary activities before tax (7-8)   | (166)         | 563           | 54           | 362               | 586           | 745                 |
| 10    | Tax expense   | (41)          | 192           | 20           | 151               | 202           | 248                 |
| 11    | Net profit/(loss) from ordinary activities after tax (9-10)   | (125)         | 371           | 34           | 211               | 384           | 497                 |
| 12    | Extraordinary items (net of tax expense)  | -             | -             | -            | -                 | -             | -                   |
| 13    | Net profit/(loss) (11-12)   | (125)         | 371           | 34           | 211               | 384           | 497                 |
| 14    | Paid-up equity share capital<br>(Face value ₹ 10/- per share)   | 782           | 782           | 782          | 782               | 782           | 782                 |
| 15    | Reserve excluding revaluation reserves as per balance sheet of previous accounting year                         |               |               |              |                   |               | 6,387               |
| 16.i  | Earnings per share (before extraordinary items)<br>[of ₹ 10/- each (* not annualised)]<br>Basic and diluted (₹) | * (1.60)      | * 4.74        | * 0.43       | * 2.70            | * 4.91        | 6.35                |
| 16.ii | Earnings per share (after extraordinary items)<br>[of ₹ 10/- each (* not annualised)]<br>Basic and diluted (₹)  | * (1.60)      | * 4.74        | * 0.43       | * 2.70            | * 4.91        | 6.35                |



**BHARAT GEARS LIMITED**

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**Part II**

**SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013**

| Particulars  | Quarter ended |            |            | Nine months ended |            | Previous Year ended |
|--|---------------|------------|------------|-------------------|------------|---------------------|
|  | 31.12.2013    | 30.09.2013 | 31.12.2012 | 31.12.2013        | 31.12.2012 | 31.03.2013          |
|  | (Unaudited)   |            |            | (Unaudited)       |            | (Audited)           |
| <b>A PARTICULARS OF SHAREHOLDING</b>   |               |            |            |                   |            |                     |
| 1 Public shareholding  |               |            |            |                   |            |                     |
| - Number of shares   | 3,676,095     | 3,676,095  | 3,679,330  | 3,676,095         | 3,679,330  | 3,676,330           |
| - Percentage of shareholding   | 47.02%        | 47.02%     | 47.06%     | 47.02%            | 47.06%     | 47.02%              |
| 2 Promoters and promoter group shareholding  |               |            |            |                   |            |                     |
| (a) Pledged/encumbered   |               |            |            |                   |            |                     |
| - Number of shares   | -             | -          | -          | -                 | -          | -                   |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | -             | -          | -          | -                 | -          | -                   |
| - Percentage of shares (as a % of the total share capital of the company)                | -             | -          | -          | -                 | -          | -                   |
| (b) Non-encumbered   |               |            |            |                   |            |                     |
| - Number of shares   | 4,141,738     | 4,141,738  | 4,138,503  | 4,141,738         | 4,138,503  | 4,141,503           |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100.00%       | 100.00%    | 100.00%    | 100.00%           | 100.00%    | 100.00%             |
| - Percentage of shares (as a % of the total share capital of the company)                | 52.98%        | 52.98%     | 52.94%     | 52.98%            | 52.94%     | 52.98%              |

| Particulars                                    | Quarter ended 31.12.2013 |
|--|--------------------------|
| <b>B INVESTOR COMPLAINTS</b>                   |                          |
| Pending at the beginning of the quarter        | Nil                      |
| Received during the quarter                    | 4                        |
| Disposed of during the quarter                 | 4                        |
| Remaining unresolved at the end of the quarter | Nil                      |

Notes :

- The above financial results as reviewed and recommended by the Audit Committee have been approved by the Board of Directors at its meeting held on January 30, 2014.
- The auditors of the Company have carried out limited review of the Unaudited Financial Results for the quarter and nine months ended December 31, 2013.
- During the quarter, the Company's new plant located at Lonand, District Satara, Maharashtra has become operational. Accordingly, the figures for the quarter and nine months ended December 31, 2013 include results of operations of the aforesaid plant.
- Employee benefits expense includes provision made on the basis of shareholders' approval for the remuneration payable to the Directors, in excess of the limit specified under Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 which is subject to the approval of Central Government for which applications have been made by the Company:

| Particulars                                   | Quarter ended |            |            | Nine months ended |            | Previous Year ended |
|---|---------------|------------|------------|-------------------|------------|---------------------|
|   | 31.12.2013    | 30.09.2013 | 31.12.2012 | 31.12.2013        | 31.12.2012 | 31.03.2013          |
|   | (Unaudited)   |            |            | (Unaudited)       |            | (Audited)           |
| Chairman and Managing Director's Remuneration | 74            | -          | -          | 74                | -          | -                   |
| Joint Managing Director's Remuneration        | 17            | 21         | -          | 45                | -          | -                   |



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5. Employee benefits expense for the quarter and nine months ended December 31, 2013 includes provision of ₹ 93.24 lacs made towards lump sum amount payable to permanent workmen of Mumbra Plant in terms of the Memorandum of Settlement signed between the Company and the workmen.

6. Other income includes:

(₹ in lacs)

| Particulars              | Quarter ended |            |            | Nine months ended |            | Previous Year ended |
|--------------------------|---------------|------------|------------|-------------------|------------|---------------------|
|                          | 31.12.2013    | 30.09.2013 | 31.12.2012 | 31.12.2013        | 31.12.2012 | 31.03.2013          |
|                          | (Unaudited)   |            |            | (Unaudited)       |            | (Audited)           |
| Net exchange gain/(loss) | (12)          | 115        | 87         | 258               | 222        | 211                 |

7. The Company is primarily engaged in the Automotive Gears business. Risks and rewards involved in sales to overseas customers are not significantly different from those attributable to domestic market. As such there is no other separate reportable segment as defined by Accounting Standard – 17 " Segment Reporting."

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

For and on behalf of the Board of Directors



**SURINDER P. KANWAR**  
Chairman & Managing Director

Place : Faridabad  
Date : January 30, 2014