

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, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of 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 specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, 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 with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Nine Months Ended December 31, 2014 of the Statement, from the details furnished by the Management/Registrars.

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



Saira Nainar
Partner

(Membership No. 040081)

Mumbai, January 28, 2015



Part I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2014

(₹ in lacs)

	Particulars	Quarter ended			Nine months ended		Previous Year ended
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
		(Unaudited)			(Unaudited)		(Audited)
1	Income from operations						
	(a) Net sales/income from operations (net of excise duty)	9,880	10,029	10,746	29,629	30,998	41,310
	(b) Other operating income	217	155	144	523	479	677
	Total income from operations (net)	10,097	10,184	10,890	30,152	31,477	41,987
2	Expenses						
	(a) Cost of materials consumed	5,046	5,175	4,994	14,912	15,757	20,768
	(b) Changes in inventories of finished goods and work-in-progress	(525)	(372)	238	(756)	(559)	(565)
	(c) Employee benefits expense (Refer Notes 4 and 5)	1,991	1,872	1,857	5,810	5,201	7,015
	(d) Power and fuel	903	980	1,074	2,854	3,050	4,030
	(e) Depreciation and amortisation expense (Refer Note 6)	401	411	372	1,186	977	1,372
	(f) Other expenses	1,911	2,079	2,102	5,878	5,978	8,187
	Total expenses	9,727	10,145	10,637	29,884	30,404	40,807
3	Profit/(loss) from operations before other income, finance costs and exceptional items (1-2)	370	39	253	268	1,073	1,180
4	Other income (Refer Note 7)	81	61	4	178	326	329
5	Profit/(loss) from ordinary activities before finance costs and exceptional items (3+4)	451	100	257	446	1,399	1,509
6	Finance costs	404	392	423	1,191	1,037	1,449
7	Profit/(loss) from ordinary activities after finance costs but before exceptional items (5-6)	47	(292)	(166)	(745)	362	60
8	Exceptional items	-	-	-	-	-	-
9	Profit/(loss) from ordinary activities before tax (7-8)	47	(292)	(166)	(745)	362	60
10	Tax expense (net)	-	-	(41)	(6)	151	-
11	Net profit/(loss) from ordinary activities after tax (9-10)	47	(292)	(125)	(739)	211	60
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net profit/(loss) (11-12)	47	(292)	(125)	(739)	211	60
14	Paid-up equity share capital (Face value ₹ 10/- per share)	782	782	782	782	782	782
15	Reserves excluding revaluation reserve as per balance sheet of previous accounting year						6,355
16.i	Earnings per share (before extraordinary items) [of ₹ 10/- each (* not annualised)] Basic and diluted (₹)	* 0.60	* (3.73)	* (1.60)	* (9.45)	* 2.70	0.76
16.ii	Earnings per share (after extraordinary items) [of ₹ 10/- each (* not annualised)] Basic and diluted (₹)	* 0.60	* (3.73)	* (1.60)	* (9.45)	* 2.70	0.76

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Part II

SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2014

	Particulars	Quarter ended			Nine months ended		Previous Year ended
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- Number of shares	3,676,095	3,676,095	3,676,095	3,676,095	3,676,095	3,676,095
	- Percentage of shareholding	47.02%	47.02%	47.02%	47.02%	47.02%	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	4,141,738	4,141,738	4,141,738	4,141,738
	- 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%	52.98%	52.98%	52.98%	52.98%

	Particulars	Quarter ended 31.12.2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed of during the quarter	Nil
	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 28, 2015.
- The auditors of the Company have carried out limited review of the Unaudited Financial Results for the quarter and nine months ended December 31, 2014.
- The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same. 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".
- Employee benefits expense for the quarter and nine months ended December 31, 2014 includes provision of ₹ 70 lacs made on the basis of shareholders' approval for remuneration payable to the Chairman and Managing Director in excess of the limit specified under Section 197 and Schedule V to the Companies Act, 2013 which is subject to approval of the Central Government for which application has been made by the Company.



5. Employee benefits expense includes:

Particulars	Quarter ended		Nine months ended		Previous Year ended	
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	
	(Unaudited)			(Unaudited)		(Audited)
Voluntary retirement scheme expense	44	6	-	204	4	25

6. During the period, the Company has revised depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013. Based on current estimates, depreciation/amortisation of ₹ 73 lacs (net of deferred tax ₹ 35 lacs) on account of assets whose useful life is already exhausted as on April 1, 2014 has been adjusted to General Reserve. Had there not been any change in useful life of assets, depreciation/amortisation for the quarter ended December 31, 2014, the quarter ended September 30, 2014 and nine months ended December 31, 2014 would have been higher by ₹ 14 lacs, ₹ 15 lacs and ₹ 37 lacs respectively.

7. Other income includes:

Particulars	Quarter ended			Nine months ended		Previous Year ended
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
	(Unaudited)			(Unaudited)		(Audited)
Net exchange gain/(loss)	63	43	(12)	130	258	199

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: Mumbai
Date: January 28, 2015