FAG Bearings India Limited

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001

Company Code: 505790

April 1, 2016

Your Reference	Our Reference	Phone (0265)	Fax (0265)	e-mail	A Member of the Schaeffler Group

Sub: Annual Report 2015

Dear Sirs,

Please find enclosed Annual Report 2015 of our company along with "Form A" for your information and record.

Thanking you.

Yours faithfully,

For FAG Bearings India Limited

FAG Bearings India Ltd. Maneja Vadodara

Raj Sarraf
Company Secretary
ICSI M No.: ACS 15526

Vadodara

FAG Bearings India Limited
Head Office & Works :
Maneja,
Vadodara - 390 013 INDIA
Phone: +91 265 660 2000
Fax: +91 265 2638804
www.schaeffler.co.in
info.in@schaeffler.com

Registered Office:
Nariman Bhavan, 8th Floor,
227, Backbay Reclamation,
Nariman Point,
Mumbai - 400 021 INDIA
Phone: +91 22 6681 4444 - 6681 4499
Fax: +91 22 2202 7022

CIN: L29130MH1962PLC012340

Sales Offices : Mumbai, Kolkata,
New Delhi, Chennai,
Pune, Bangalore,
Hyderabad,
Jamshedpur
Ludiana, Kanpur
Udaipur, Bhubaneswar

FAG Bearings India Limited

Form A

[Pursuant to Reg. 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015]

1	Name of the Company:	FAG Bearings India Limited
2	Annual Financial Statements for the year ended:	December 31, 2015
3	Type of Audit observation:	Un-modified
4	Frequency of observation:	Not Applicable
5	Signed By	
	Audit Committee Chairperson	Mrs. Renu Challu [DIN:00157204]
	Managing Director	Mr. Rajendra Anandpara [DIN: 02461259]
	Chief Financial Officer	Mr. Satish Patel
	Statutory Auditor of the Company	For B S R & Co. LLP [Chartered Accountants] (Firm's Registration No. 101248W / W-100022) Mr. Vijay Mathur Partner [Membership No: 046476]

FAG Bearings India Ltd. Maneja Vadodara

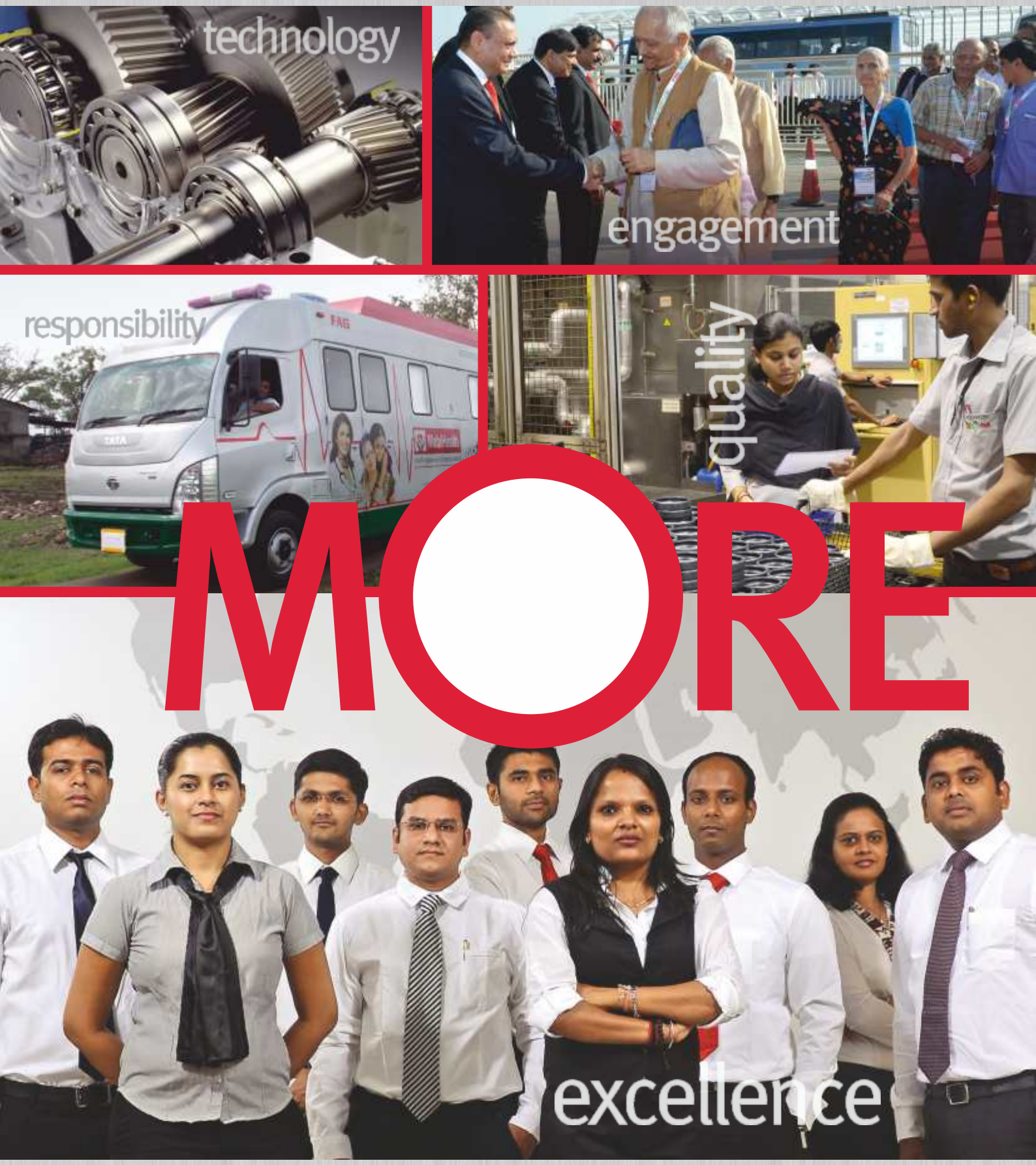
SCHAEFFLER

FAG

EXPECT MORE

FAG Bearings India Limited

Annual Report 2015


technology
engagement
responsibility
quality
MORE
excellence

solutions

passion

performance

smiles

sustainability

SCHAEFFLER
innovation

10 YEARS' HIGHLIGHTS

(₹ in million)

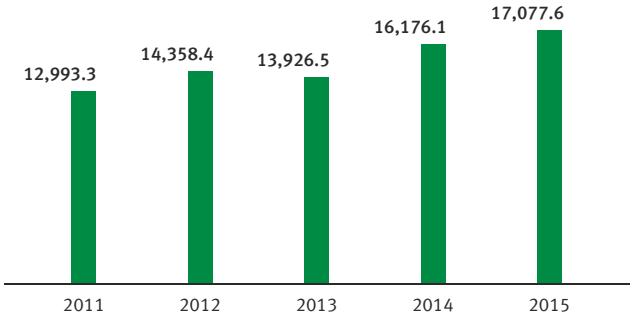
Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
SOURCES OF FUNDS										
Share Capital	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2
Reserves*	12,707.0	10,888.9	9,708.9	8,607.8	7,112.6	5,546.1	4,428.3	3,860.4	2,990.7	2,285.4
Net-Worth*	12,873.2	11,055.1	9,875.1	8,774.0	7,278.8	5,712.3	4,594.5	4,026.6	3,156.9	2,451.6
Borrowings - long-term	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Funds employed	12,873.2	11,055.1	9,875.1	8,774.0	7,278.8	5,712.3	4,594.5	4,026.6	3,156.9	2,451.6
INCOME AND PROFITS										
Sales (net)	17,077.6	16,176.1	13,926.5	14,358.4	12,993.3	10,400.8	7,976.9	7,444.1	6,413.0	5,420.4
Gross operating profit	3,614.4	2,826.9	2,294.5	2,650.4	2,848.1	2,054.4	1,318.8	1,728.0	1,412.5	1,290.1
Profit before tax	2,938.1	2,323.7	1,854.4	2,334.7	2,609.6	1,818.8	995.8	1,473.5	1,244.8	1,107.8
Tax	963.3	794.9	636.1	742.9	849.9	603.8	340.4	516.3	449.5	370.8
Profit after tax	1,974.8	1,528.8	1,218.3	1,591.8	1,759.7	1,215.0	655.4	957.2	795.3	737.0
Dividend Per Share (₹)**	10.0	7.5	6.0	5.0	10.0	5.0	4.5	4.5	4.0	4.0
Retained earnings	1,768.9	1,383.0	1,101.0	1,495.2	1,566.5	1,117.8	567.9	869.7	715.5	661.2
OTHER DATA										
Gross fixed assets	8,372.7	7,594.8	7,554.5	7,148.5	5,320.7	4,275.9	4,200.4	4,152.7	3,741.1	3,525.7
Net worth per equity (₹)	774.7	665.3	594.3	528.0	438.0	343.8	276.5	242.3	190.0	147.5
Debt equity ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Current ratio	3.6	3.4	2.4	2.9	2.7	3.1	3.2	2.8	2.5	2.1
Production (Nos. in million)	116.9	112.3	91.6	80.7	78.3	67.7	47.7	46.4	45.1	44.1
Sales (Nos. in million)	118.1	112.7	92.9	81.5	77.4	66.3	49.2	45.4	44.6	43.0
Employees (Nos.)#	1,560	1,477	1,495	1,580	1,456	1,343	1,334	1,375	1,282	1,157
Shareholders (Nos.)#	9,771	8,701	7,808	8,465	8,205	7,876	7,276	7,623	7,439	7,714

**Excluding revaluation reserve **Proposed # As on December 31*

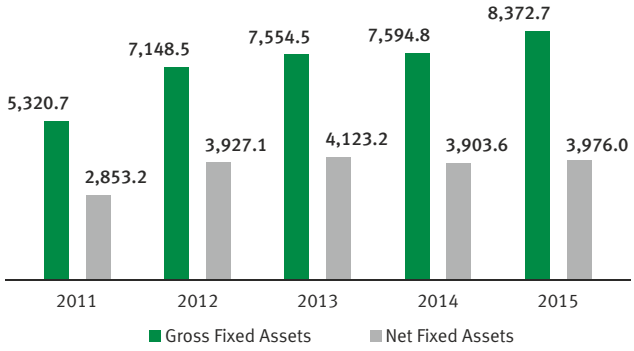
Performance Highlights: 5 Years

(₹ in million)

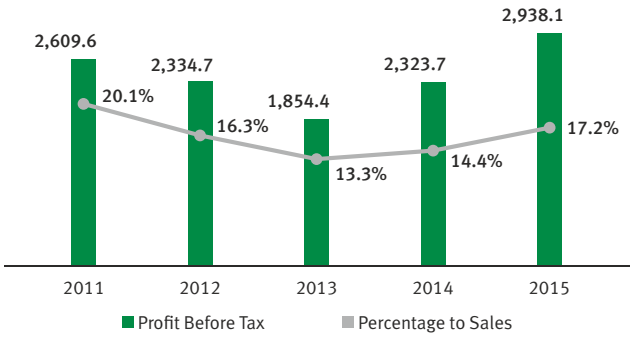
Net Sales



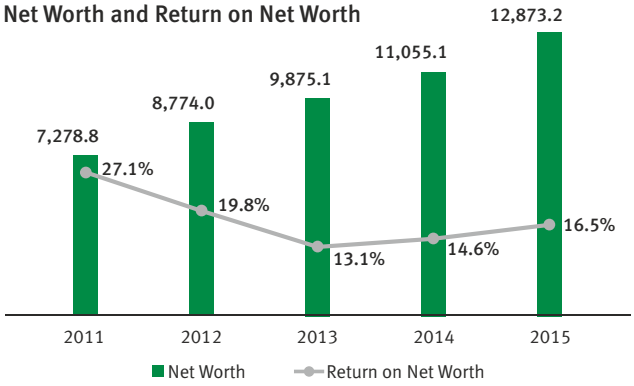
Gross and Net Fixed Assets



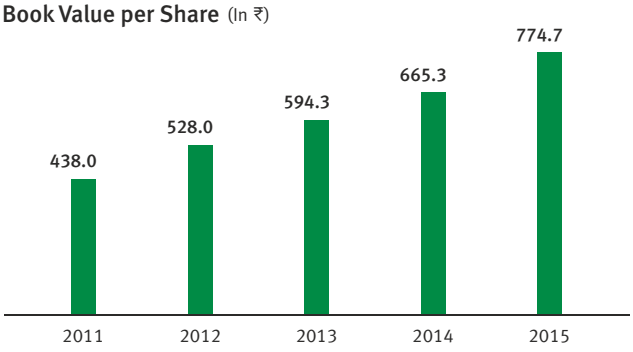
Profit Before Tax and Percentage to Sales



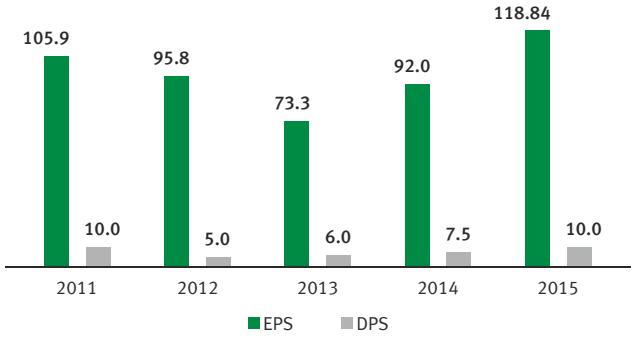
Net Worth and Return on Net Worth



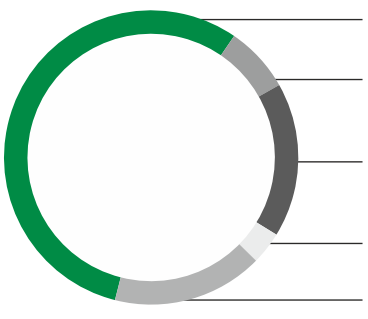
Book Value per Share (In ₹)



Earnings per Share and Dividend per Share (In ₹)



Distribution of Income



Material Consumption
55.4% (59.6%)

Personnel Cost
7.4% (8.2%)

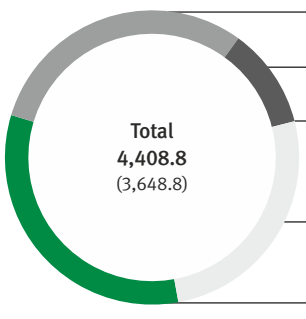
Other Costs
16.9% (15.3%)

Depreciation
3.7% (2.9%)

Profit
16.5% (14.0%)

Bracket denotes previous year's figures

Contribution to Exchequer (₹ in million)



Customs Duty
1,346.36 (1,309.70)

Sales Tax
466.61 (450.70)

Wealth Tax
0 (0.20)

Income Tax
1,150.70 (739.50)

Excise Duty
1,445.15 (1,148.70)

HIGHLIGHTS 2015

Exchanging Ideas, Sharing Learnings

In July 2015, the Board of Directors (BoD) of FAG India visited the Schaeffler Headquarters in Germany. During this visit, the BoD toured the plants and R&D facilities at Schweinfurt and Herzogenaurach. The BoD was impressed by the immense engineering and innovation capabilities of Schaeffler and exchanged views on FAG India's roadmap for the future with Schaeffler top management.

Exporting Excellence, Importing Prosperity

Engineering Export Promotion Council (EEPC) awarded and recognised FAG as 'Star Performer' under category of Large Enterprise for **'Outstanding Contribution towards Engineering Exports'**. Mr. Suresh Prabhu, Railway Minister – Government of India handed over the award to FAG.

Strengthening Economic Ties

At the 59th AGM of the Indo-German Chamber of Commerce (IGCC) in September 2015, FAG Bearings India Ltd. received awards for **outstanding contribution towards the promotion of Indo-German Economic Relations** and for **outstanding export performance by an Indo-German joint venture.**

Customers and Sales Partners visit to Hannover Messe 2015

Top Indian customers and sales partners visited the Hannover fair which showcased a wide range of products and innovations of Schaeffler technology. They were also provided an opportunity to visit one of Schaeffler's largest manufacturing plants, based in Schweinfurt.

Winning as a Habit

FAG employees participated in **Quality Circle Competition** organised by the Automotive Component Manufacturers Association of India (ACMA) Western Region. FAG employees won **2nd Runners up Trophy** for innovative new solutions.

Spinning Success - Second year in a row

Rieter India Pvt. Ltd., one of India's leading manufacturers of textile spinning systems, recognised FAG as the **'Best Delivery Supplier' for the 2nd consecutive year** during its vendor meet in September 2015.

Gold Standard in Quality

FAG India employees won **5 Gold trophies** at the regional Quality Circle Competition organised by Quality Circle Forum of India (QCFI). Additionally, in testament to our continuous improvement initiatives, we also won a **Gold trophy in the Best Kaizen Competition**.

SHAPING TOMORROW'S MOBILITY - TODAY

1

Eco-friendly Drive

Schaeffler technology focusses on realising the dream of emission-free driving. Besides innovating in areas of hybrid and e-mobility, we cover optimisation of conventional internal combustion engines. Schaeffler's concept vehicle 'Efficient Future Mobility India' demonstrates how reduction in fuel consumption of up to 15% can be achieved using Schaeffler technologies.

2

Inter-urban Mobility

Schaeffler is playing a pioneering role in inter-urban mobility by developing rolling bearings solutions for the railway sector – the solutions which add to efficiency, safety and emission reduction.

Schaeffler Global Perspective

Time flies. In a modern world of rapidly changing technologies, the inventions of today are quickly becoming innovations of yesterday. As a progressive company, Schaeffler is always a step ahead of others in investigating and identifying global trends in mobility. On the basis of these understandings, our research and development engineers have identified four development areas under Schaeffler's global strategic concept 'Mobility for Tomorrow'.

Urban Mobility

The challenges of urban mobility means great opportunities for Schaeffler to contribute in technologies towards efficient drivetrains of small vehicles and for development of urban infrastructure of today and tomorrow.

Energy Chain

As renewable energy sources are making a substantial contribution to the energy chain of tomorrow, Schaeffler is pushing its advanced technologies especially in the Wind sector.

In order to meet the growing customer expectations, we reinforce our core competence areas of Quality, Technology and Innovation. Our employees with their high level of commitment and hard work strive to deliver 'more' and exceed customer expectations.

EXPECT MORE

The 21st century has ushered in profound changes in the business world. The 'customer is king' approach has become engrained in our professional thinking.

In consumer markets, digitisation is transforming the way customers shop. Thanks to disruptive changes in technologies – social networking, cloud computing and so on – markets are becoming complex and competitive. The rise of techno-savvy Gen Y consumers has made online buying a routine process; and brand loyalty, a rarity.

At FAG we believe that organisational transformation and employee creativity are closely linked. Employees working in teams challenge status quo, innovate new solutions and raise the bar. In the picture FAG employees receiving Gold Trophy at Best Kaizen competition from ACMA (WR).

The landscape of industrial business too is rapidly changing. Customers want better quality and features. Sensitivity, awareness and responsiveness towards safety and environmental aspects are growing; making it imperative for manufacturers to remain on high alert at all times. Product life cycles are getting shorter and 'time-to-market' for new development is being constantly challenged. Supply chains are being pushed to look for smarter ways to meet customer expectations since traditional lead times are no longer accepted. The role of distribution channel will be re-written based on its ability to add value. Customers obviously expect more.

The confluence of changes in customer expectations and emergence of new competitive forces in the market puts an ever-increasing pressure on organisations.

In 2015, markets both in India and globally, remained turbulent. While the overall mood in India is still optimistic; at the ground level, business environment remains challenging. In the context of these profound changes, organisations must reinvent themselves, remain agile, and become competitive to be successful.

This is what we continuously strive to do. We produce better quality, innovate new products and services, improve operational excellence and raise people competence.

Our long experience in the market is surely an asset. At the same time, we are increasingly counting on young talent and fresh thoughts. We are taking new initiatives and raising the bar. We are expecting more from ourselves.

More than two decades ago, FAG was the first Indian company to invest in localisation of first generation wheel bearings. It is with the same first-mover enthusiasm that we continue to co-create new solutions with our customers

MORE

INNOVATIONS, MORE DEVELOPMENTS

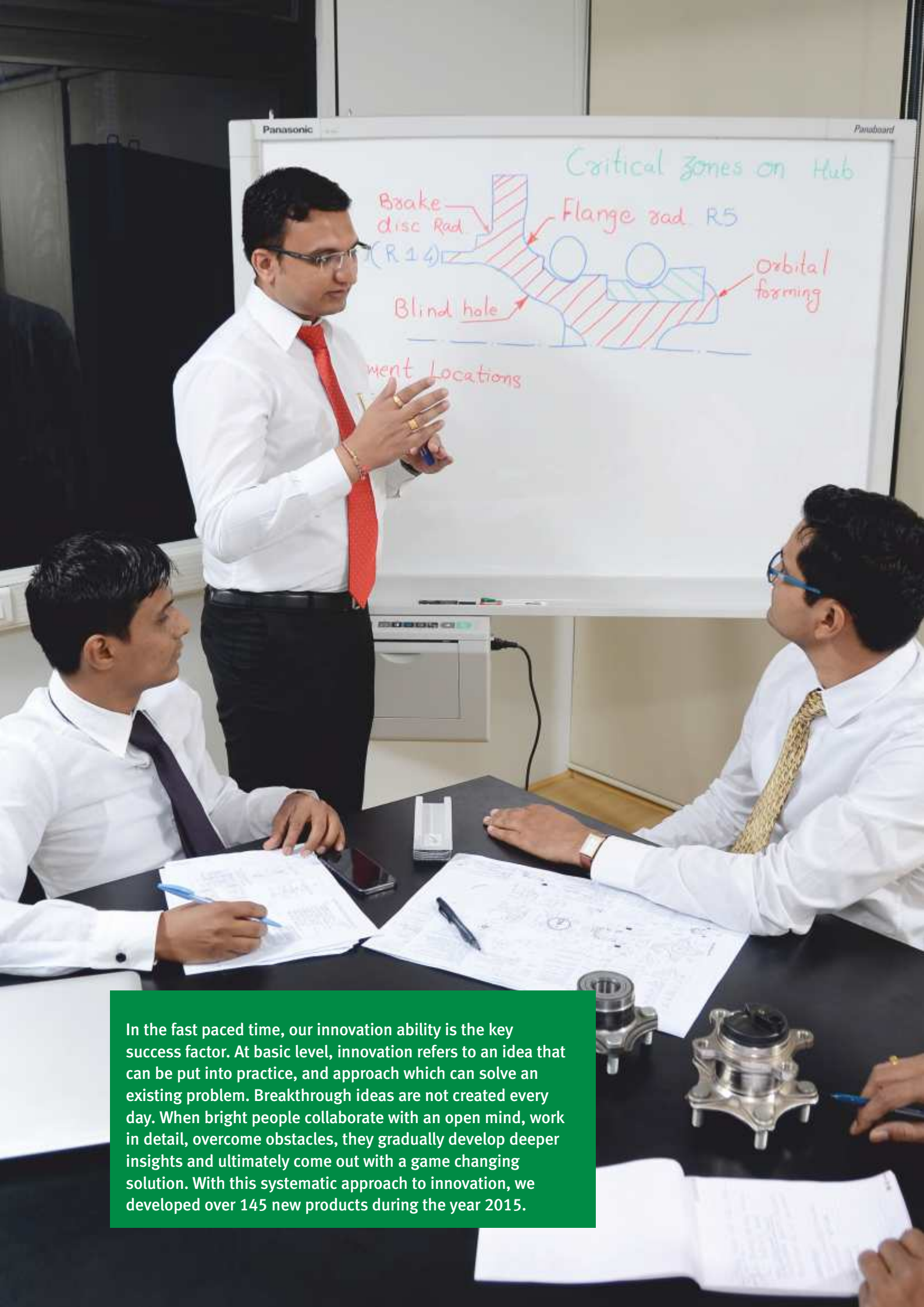
Success is achieved when an organisation aligns its priorities and actions with the customer's goals. The first step towards building development partnership with customers, is to develop deeper understanding of their world. And that is what our application engineers and sector experts do, day after day. By working closely with our customers, these engineers develop a thorough insight into their market, trends, products, processes and key technology. This knowledge is systematically captured and serves as bedrock whenever we start working with our customers on a new development project.

Development partnership with our customers requires common and comprehensive understanding of design inputs and performance parameters. Our BearingX software is an excellent rolling bearing calculation programme that we use together with our customers

In a business environment where changes are happening at hyper speed, we are honing and scaling up our organisation's strategic, creative, collaborative and executional capabilities to innovate successfully and stay ahead.

It enables rolling bearing supports – from single rolling bearing to complex gear box systems and linear guide systems, to be analysed in detail. Designing right for a superior performance is one big step towards meeting the growing performance expectations of our customers.

But, even the brightest of ideas require sound implementation structure for success. That is why we make our innovation process robust and well-structured to seamlessly integrate concerns and contributions of all stakeholders. Design simulation and design validation that follow help us in ensuring that the design solution is effective under real life situation.



In the fast paced time, our innovation ability is the key success factor. At basic level, innovation refers to an idea that can be put into practice, and approach which can solve an existing problem. Breakthrough ideas are not created every day. When bright people collaborate with an open mind, work in detail, overcome obstacles, they gradually develop deeper insights and ultimately come out with a game changing solution. With this systematic approach to innovation, we developed over 145 new products during the year 2015.

In 2015 we produced over 30 million low friction ball bearings at Savli.

MORE QUALITY

Customers today have endless options. And as they compare different product options, they keep redefining their expectations. So at a very basic level, quality means anticipating, understanding and meeting customers' expectations.

Our customers increasingly emphasise on better quality of rolling bearings, higher reliability and longer maintenance cycles. New generation machines use higher power density, which means that drive components are subjected to greater loads and higher speeds. At FAG, we respond to these challenges by redesigning products for increased capabilities, by improving material quality and by upgrading manufacturing processes to deliver greater precision.

FAG cylindrical roller bearings, tapered roller bearings and spherical roller bearings produced at our Maneja and Savli plants carry the X-Life seal of quality.

X-Life is the seal of quality for ultra-high performance products of FAG. These products offer higher dynamic load ratings and thus higher rating life and higher operating life. Higher performance is achieved through the use of state-of-the-art manufacturing techniques as well as improvements in internal design. To our customers, X-Life offers new possibilities in design and engineering as they benefit from longer life and longer maintenance intervals. Alternatively, customers can use X-Life bearings for higher loads, redesign envelops and achieve greater performance density. Simply put, customers get more quality and more performance with X-Life.

One of the leading development trends is the customer's demand for greater energy efficiency. Rolling bearings are extensively used in all rotating equipment. By influencing the level of friction, rolling bearings can improve efficiency.

Our new Generation C ball bearings produced at Savli plant cut noise levels, reduce friction by 35% and improve operating life. We achieve this by optimising the bearing's internal design, by improving its precision through advanced manufacturing process and by using efficient sealing concepts. Customers in turn can expect more energy efficiency and greater savings.

But quality is more than just manufacturing good products. Our 'Fit for Quality' programme recognises quality as a process of continuous renewal. The programme embraces all our people and processes. Together, we strive to identify and eliminate weaknesses early enough to prevent errors and ensure zero defect. The objective is to achieve highest process reliability and product quality throughout all phases – from design and manufacturing to service.

Excellence in quality is realised with application of state-of-the-art manufacturing technology. Our plant at Savli has set a global benchmark in terms of Quality and Productivity. Grinding and assembly equipment have been designed and manufactured by Schaeffler's Special Machine Building (SMB) division based on years of experience. Our qualified and motivated employees are comprehensively trained in all aspects of manufacturing and deliver excellence day after day.

FAG Smart Check is an innovative online monitoring system for continuous monitoring of machine and process parameters on decentralised basis.

MORE
THAN PRODUCTS... PERFORMANCE

In order to realise the 'Make in India' dream, Indian manufacturing companies must face the challenge of improving productivity and reducing costs. Reducing unplanned maintenance downtime and containing maintenance cost are priority issues for operations and maintenance managers across all industry sectors.

Our TCO initiative aims to reduce the total cost of operations that is associated with rolling bearing usage. Besides offering reliable products and solutions, we extend our responsibility to reduce unplanned downtime and increase plant availability. Our service portfolio includes maintenance products and service expertise in the areas of mounting, lubrication, alignment, condition monitoring and repair.

The roll shop is given round the clock support by technicians. This includes roll grinding operators, fitter, riggers and crane operators. These services are provided by a competent service partner and managed by FAG's motivated team of site managers and supervisors.

Customer acceptance of our Roll Shop Maintenance Services for steel plants is growing. In steel plants, our service engineers and technicians takeover the entire responsibility of roll changes, roll grinding, bearing inspection, bearing overhaul and other associated maintenance practices with clear objective of continuously minimising downtime and improving machine availability. In this on-site service initiative, our engineers work closely with operations and maintenance team to improve processes and thus improve performance.

JSW Steel limited, one of India's largest private sector steel companies, awarded Roll Shop management contract to FAG in 2013. This comprehensive maintenance contract at JSW's cold rolling mill complex at Bellary includes the following:

- Roll Mounting, Handling and Grinding
- Movement to finished bay
- Bearing inspection and overhaul
- Assembling in steel mill

FAG special purpose greases are ideally suited for high impact loads in cement machines.

MORE
THAN PRODUCTS...
PERFORMANCE

In yet another initiative, our engineers took a challenging task of improving performance of roller press equipment in cement industry. The environment in cement industry is different and demanding. High exposure to environmental contamination, high vibrations and shock loads at low speeds in cement manufacturing machines pose tough challenges for maintenance engineers. For Roller Presses, FAG's high-capacity multi-row cylindrical roller bearings have proven excellent reliability. By using our specialised high-performance lubricants and by applying our sophisticated online condition monitoring equipment, we are able to improve process performance, predict and solve problems, reduce unplanned downtime and improve productivity of critical process in a cement plant.

Slowly but surely, we are expanding our scope to offer more than just products. We are selling reliability. We are reducing unplanned maintenance. We are helping our customers to improve productivity and quality.

Online condition monitoring helps in detecting deterioration of the machine condition quickly. This allows time to plan resources and carry out repairs during planned shut down. In essence, productivity is increased.

We Sell Reliability

Operating conditions in heavy industries are tough. Heavy loads, high temperatures, varying speeds, unfavourable environmental conditions are only some of the challenges that rolling bearings face in real world. Our engineers understand these challenges well and design high performance products for demanding applications. Our service engineers combine their product and application know-how with best maintenance practices to ensure that equipment fitted with FAG rolling bearings perform with very high reliability and offer best of manufacturing productivity to our customers.

During the year, 122 Josh Circles were registered; of which 39 were completed. Our employees received numerous awards at various quality and productivity events.

MORE

TALENT.
MORE EMPOWERMENT.

Every organisation today faces the challenge of talent management. On one hand, as a generation of baby boomers prepares to retire, organisations have to focus on transferring key knowledge and relationship to next generation of professionals. At the same time, new skills, talent and ways of working are required to succeed in the changing technological and business landscape.

Supporting talent and encouraging creativity are part of our vision at FAG. The core Schaeffer value system based on trust, transparency and teamwork forms a solid foundation for our people and business practices.

Our Young Leaders' Programme prepares talented and motivated young managers for the future. Through this programme, we inculcate confidence in youth to take greater responsibility, encourage independent thinking and agile working.

As a technology-driven manufacturing organisation, we create significant value on the shop-floor. Our Team Leader Programme is designed to develop technical and leadership capabilities in young engineers and technicians as they drive benchmark levels of quality and productivity on the shop-floor. 70:20:10 is a commonly accepted training and talent development tenet – 70% on the job, 20% through coaching and mentoring; and 10% through formal training. Working in teams is thus essential to derive superior performance. This is the guiding principle behind our Josh Circle initiative.

Here, a group of employees, driven by a common vision and passion to succeed, collaborate to realise significant improvement in their chosen project by following structured problem-solving tools and innovative approach. It is through initiatives like these that we inspire empowered employees to discover their true potential, set ambitious goals, deliver superior performance and thus fulfil our customer promise to 'deliver more'.

Working in teams, attention to details and passion to succeed describes the culture at FAG, a culture where we continuously raise the bar and expect more of ourselves – so that we can deliver more to our customers.

At FAG we believe that empowerment begins by one's commitment to improve the personal mastery. By facilitating an organisational environment that encourages enterprise, ignites excellence and nurtures empowerment, we encourage our employees to focus their energies, develop patience and to see reality objectively. It is this 'inside-out' self motivation that allows employees to reach high levels of potential and productivity.

FAG India Shareholders Visit to Savli Plant

MORE

ENGAGEMENT

FAG

"When you interact with these students, you will be touched by their zest for life. You can't miss the dreams in their eyes! We aim to give wings to these dreams."

Ms. Sneha Sonar
CSR Coordinator

MORE SMILES

The society too expects more from the business it supports. That is why social responsibility has become part of corporate dashboard for many organisations. As part of Schaeffler Group and as a leading manufacturer of rolling bearings in the country, we find numerous opportunities to contribute to human progress through our innovative technologies and touch the lives of people.

At the same time being an Indian company, we are equally motivated by the Indian ethos of Dharma as a key plank for organisational self-realisation. We constantly strive to contribute, in our humble way, to the motto 'सर्वे भवन्तु सुखिनः' (May everyone be happy) and take up the cause of welfare of communities in which we operate.

We regularly identify and implement unique initiatives which are scalable and sustainable and which have the capacity to create a positive impact on the lives of people around us, especially the weaker and underserved sections of the society. Our CSR initiatives, under the umbrella name of HOPE, define our priority action areas clearly i.e. Healthcare, Occupational Skill & Employability, Preservation of National Heritage, Art & Culture and Empowerment of Society.

At FAG, we believe that science and technology are synonymous with economic and human development as both aim to drive progress and improve the standard of living while preserving the environment and supporting sustainability.

'HOPE' hostel for differently abled girls was handed over to Mook Dhwani Trust, Vadodara. In the picture Ms. Avantika Singh Aulakh - District Collector, Vadodara, Mr. Avinash Gandhi - Chairman of Board of Directors - FAG Bearings India Ltd. and Mr. Dietmar Heinrich - CEO, Schaeffler Europe.

Hope for better future took us to Mook Dhwani - a school for differently abled students in Vadodara. The school was facing a problem of accommodating its girl students in a safe and conducive environment. When they approached us for support in building a hostel, we readily accepted the proposal.

The result was a modern hostel HOPE, a hostel built with affection for the girl child, built with passion for quality education and built to high quality standards that one associates with FAG. We envision that this hostel will encourage the differently abled girls to pursue high school education and will bring down the dropout rate.

Building the HOPE hostel was our first step to connect with the lovely children of Mook Dhwani School. Moving ahead, we are encouraging students to take up occupational courses after schooling - beauty & well-being, computer hardware, animation and so on.

At FAG, we follow a systematic approach, combine thoughtfulness with sensitivity; encourage innovation, collaborate with competent agencies and communities, keep high standards of quality in what we do, raise the bar and scale up. All of that to bring a few more smiles on the faces of people around us.

MORE SMILES

Health care is another area that we took up under our CSR scope this year. We launched Mobi-Health, a well-designed mobile health unit. Mobile Health Unit, as a concept, may not be new but our approach is unique. Our focus is on Prevention. We are going into the root cause of a patient's health problem, and are following systematic approach to eradicate the same.

We are spreading health & hygiene awareness through innovative mediums like Bhawai to make the message more interesting and engaging. Interacting closely with villagers has also given us new insights. We have identified menstrual care and hygiene among adolescent girls as one major area that needs immediate intervention and launched our new project 'Jagruti' to address the same.

COMPANY INFORMATION

Board of Directors

Chairman	Mr. Avinash Gandhi
Managing Director	Mr. Rajendra Anandpara
Directors	Mr. Klaus Rosenfeld Mr. Dietmar Heinrich Mr. Frank Huber Mr. Sampath Kumar Raman Dr. Sanak Mishra Mrs. Renu Challu Mr. Rakesh Jinsi

Key Managerial Personnel

Chief Financial Officer	Mr. Satish Patel
Company Secretary	Mr. Raj Sarraf

Bankers	ICICI Bank Limited
Auditors	B S R & Co LLP, Chartered Accountants
Collaborators	Schaeffler Group, Germany
Registered Office	Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai - 400 021, Maharashtra, India
Head Office	P.O. Maneja, Vadodara - 390 013 Gujarat, India
Manufacturing Location / Plant	1. P.O. Maneja, Vadodara - 390 013 Gujarat, India 2. Plot No.1 (Alindra), Savli GIDC Phase - III, Taluka: Savli, Vadodara - 391 775, Gujarat, India
Sales Offices	Bengaluru, Chennai, Kolkata, Coimbatore, Hyderabad, Udaipur, Mumbai, New Delhi, Pune, Jamshedpur, Kanpur, Ludhiana, Gurgaon

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 53rd Annual Report of the Company together with the audited financial statements of the Company for the year ended December 31, 2015.

Financial Highlights

(₹ in million)

Year	2015	2014
TOTAL INCOME (Net)	**17,805.9**	**16,731.0**
Gross Operating Profit (Earnings before depreciation, interest, tax and prior period adjustments)	3,614.4	2,826.9
Depreciation / Amortization	655.1	493.5
Interest (Net)	21.2	9.7
Prior period adjustments	-	-
PROFIT BEFORE TAX	**2,938.1**	**2,323.7**
Provision for Tax	963.3	794.9
PROFIT AFTER TAX	**1,974.8**	**1,528.8**
Balance brought forward	7,473.3	6,490.3
Other Adjustments to Surplus	167.6	-
Profit available for appropriation	9,280.5	8,019.1
APPROPRIATIONS		
Proposed dividend	166.2	124.6
Income tax on dividend	39.7	21.2
Transfer to General Reserve	400.0	400.0
Balance carried to Balance Sheet	8,674.6	7,473.3
	9,280.5	**8,019.1**

Financial and Operational Performance

Indian business environment showed mixed signals in the year 2015. Forecast for economic growth as measured by GVA for the fiscal year 2015-16 is estimated at 7.3%. Growth in industrial production as reflected by development of Index of Industrial Production (IIP) is placed much lower at about 3% to 4% during the same year.

Some of the sectors closely related to your Company's business such as agricultural equipment, for example, showed a strongly negative trend. Unfavourable developments in rural markets were also reflected in flat demand growth from two wheeler industry. Infrastructure development remained at a very moderate level. On a more positive note, Indian Government announced implementation of key projects to improve rail infrastructure in the country. Developments in Renewable Energy have been positive, though India still has significantly higher potential compared to current level of production in this sector.

Lower level of capacity utilisation in user industries impacted growth in aftermarket demand.

Exports business showed moderate growth.

Helped by global decline in prices of crude oil and some other commodities, inflation in the country remained well under control.

Slowdown in global economy, especially Chinese economy, turned many global competitors to intensify their Indian business activities thus leading to tough competition in local markets.

Overall, the market environment for your Company's business was moderately positive.

Performance

Your Company's total Income (including other income) was placed at ₹ 17,806 million in year 2015 (Year 2014: ₹ 16,731 million) representing a growth of 6.4%. Profit before tax was placed at ₹ 2,938 million (Year 2014: ₹ 2,324 million) representing a growth of 26.4%.

Reasonable growth in domestic and export markets together with improvement in operational efficiency led to favourable impact on bottom line. Our Company has been consistently practising prudent finance and working capital management. The strong focus on working capital and liquidity management has helped timely generation of sufficient internal cash flow to invest in long term strategic objectives of the Company.

We consider your Company's performance as satisfactory.

Strategy

As a member company of Schaeffler Group, your Company focuses on quality, technology and innovation as cornerstones of its long term strategy. We continue to invest in expansion of our manufacturing and engineering capabilities in the country. We keep customer at the centre stage of all our actions, and get involved in customer projects at an early stage of development. This helps us in our endeavours to position FAG as a preferred partner of our customers.

We believe that efficiency and control on costs are critical factors for success for business in India. Our programmes such as Fit for Quality and MOVE are consistently implemented in all areas to improve operational excellence.

Competence of our people is a key differentiator in competitive Indian market. We continue to vigorously invest in talent development as a core process within our Human Resource Development initiatives.

By consistent implementation of initiatives to improve market excellence, operational excellence and people excellence, your Company strives not only to achieve profitable growth but to also improve its long term competitiveness in the business.

Outlook

The forecast for GVA growth in FY 2016 -17 is likely to improve at 7.6% for the year 2016-17.

Government is energetically pushing the Make in India initiative and is taking measures to accelerate infrastructure projects and rural development while continuing its emphasis on fiscal discipline. With commodity prices unlikely to move up much, inflation may remain in control.

Above factors suggest further gradual improvement in economic and industrial outlook of the country.

Experts however do caution that the economic recovery may be uneven and there are downside risks. The pick-up in the investment cycle is yet to gain strength, the banking system is weighed down by bad loans, and the weaker global economy can hit India's exports.

Your Company believes that long term outlook for Indian economy is very positive, while for the short term we remain cautiously optimistic.

With our strategy to invest in continued expansion of manufacturing and engineering footprint, your Company is determined to maintain its focus on profitable growth in the short and long term. At the same time, we will strive to improve organisational agility and minimise risks that any short term downturn could bring.

The global situation currently is characterised by many challenges and uncertainties. In India, despite several chronic issues, we still see numerous opportunities in the long term. Being a leading player in this business we follow strong future orientation in our approach and continually work towards improving organisational competitiveness and agility. 'Expect More' epitomises our organisation's spirit of continual improvement as we remain positive, raise the bar and strive for innovation and excellence through team work in all areas of operations.

Dividend

Your Company has a steady dividend payment history and in line with the financial performance for the year 2015, your Directors recommend for your approval on dividend for the year ended December 31, 2015 at the rate of ₹ 10/- (2014: ₹ 7.5) per equity share amounting to ₹ 166.2 million. (2014: ₹ 124.6 million). The Company will pay the Income Tax on dividend as per the provisions of the Income-Tax Act, 1961.

Transfer to General Reserve

A sum of ₹ 400 million has been transferred to the General Reserves of the Company. This reflects well on the financial strength of the Company.

Transfer to Investor Education and Protection Fund

Pursuant to provisions of Section 205A of the Companies Act, 1956 [pursuant to rule 3 of the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001] the unpaid/unclaimed dividend pertaining to the year ended on December 31, 2007 amounting to ₹ 2,64,912/- (including interest accrued thereon) which was lying in the Company's separate unpaid dividend account and remaining unclaimed for a period of seven years, was transferred to the Investor Education and Protection Fund (IEPF).

Subsidiary and Associate Companies

At the beginning of the year (effective from January 1, 2015) 'FAG Roller Bearings Private Limited' [CIN: U29130MH 2001PTC134044], became 'wholly owned subsidiary', which was amalgamated with the Company during the year.

Corporate Restructuring

The High Court of Judicature at Bombay sanctioned the Scheme of Amalgamation (appointed date: January 1, 2015) of 'FAG Roller Bearings Private Limited' with 'FAG Bearings India Limited' and their respective Shareholders and Creditors by

DIRECTORS' REPORT

passing an order that was received on November 3, 2015. The said order has been registered with 'Registrar of Companies', Mumbai, Maharashtra on November 10, 2015 and accordingly, the Scheme has become effective from November 10, 2015.

The Company does not have any Subsidiary, Joint Venture or Associate Company incorporated in India, as on December 31, 2015.

Management's Discussion and Analysis

Pursuant to Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed review of operations, performance and future outlook of the Company is covered under a separate Annexure to this report as Management's Discussion & Analysis. (ANNEXURE - A)

Corporate Governance

A separate section on Corporate Governance is included in the Annual Report and the certificate from M/s. Samdani Kabra & Associates, Company Secretaries, Vadodara (Gujarat), the Company's Secretarial Auditors confirming the compliance of conditions on Corporate Governance is annexed thereto. (ANNEXURE - B)

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

The particulars as prescribed under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 have been given in the Annexure forming part of this Report (ANNEXURE - C).

Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with provisions of the Articles of Association of the Company, Mr. Avinash Gandhi and Mr. Dietmar Heinrich will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A brief resumé of and particulars relating to them are given separately under the report on Corporate Governance.

Key Managerial Personnel (KMP)

Pursuant to provisions of Sections 2(51) and 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 following persons are acting as Key Managerial Personnel of the Company as on December 31, 2015;

- Mr. Rajendra Anandpara, Managing Director & Chief Executive Officer
- Mr. Satish Patel, Chief Financial Officer
- Mr. Raj Sarraf, Company Secretary

None of the Key Managerial Personnel, has resigned during the year ended December 31, 2015.

Policy on Nomination and Remuneration

The Company's policy on Nomination and Remuneration is framed with objectives as under;

1. To formulate criteria and advise the Board in matters of determining qualifications, competencies, positive attributes and independence of Directors, and policies relating to their appointment and removal,
2. To review corporate goals and objectives, to set norms of performance evaluation and to lay out remuneration principles for Directors, KMP and Senior Management linked to their effort, performance and contribution towards achievement of organisational goals,
3. To evaluate performance and give recommendations to the Board on remuneration payable to the Directors, KMP and Senior Management, and
4. To review and recommend to the Board, measures to retain and motivate talent including KMP and Senior Management Personnel with a view to ensuring long term sustainability and competitiveness of the organisation.

Criteria and Qualification for Nomination & Appointment

A person to be appointed as Director, KMP or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he / she is being considered for. The Nomination & Remuneration Committee (NRC) will evaluate whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position and the NRC will make appropriate recommendations to the Board of Directors.

Policy on Remuneration

1. The remuneration (including revisions) to Directors is recommended by NRC to the Board for approval. The remuneration (including increments) to the Directors, so recommended by NRC to the Board, should be within the limits under the Companies Act, 2013 read with the Rules thereunder and as approved by the shareholders of the Company.
2. None of the Directors (including Independent Directors) shall be entitled to any stock option of the Company.
3. Non-executive directors, who are in whole-time employment with other Associate Companies of the Schaeffler Group, will not be entitled to any remuneration, profit related commission or sitting fees.
4. While determining Remuneration to KMP, Senior Management Personnel and other employees, the Company encourages and rewards; merit and superior performance. The objective is to set the total remuneration at levels to attract, motivate, and retain high-calibre, and high potential personnel in a competitive global market.

Formal Annual Evaluation

Your Company believes that systematic evaluation contributes significantly to improved performance at three levels - Organisational, Board and Individual Board Member. It encourages the leadership, teamwork, accountability, decision-making, communication and efficiency of the Board. Evaluation also ensures teamwork by creating better understating of Board dynamics, board-management relations and thinking as a group within the Board.

The process includes multi-layered evaluation based on well defined criteria consisting of relevant parameters.

For the year 2015, the Board has carried out an annual performance evaluation of its own, and that of its Committees and individual Directors.

Performance evaluation criteria for the Board, its Committees, the Directors and the Chairman of the Company were circulated to and responded by the Directors. A consolidated summary of the ratings as provided by the Directors, was prepared by the Company Secretary. Independent Directors in their meeting have, evaluated performance of the 'Board', the 'Non-independent Directors' as well as the 'Chairman' of the Company and submitted their recommendation to the Board. The Nomination and Remuneration Committee has further carried out evaluation of all Directors including Independent Directors. The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board in their respective meetings.

Independent Director's Declaration

The Company has received the declarations in the prescribed format from each Independent Director confirming that they meet the criteria of independence as envisaged in the provisions of Section 149 of the Companies Act, 2013, read with Regulation 16 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Auditors

Statutory Auditors

The Statutory Auditors, M/s. B S R & Co LLP, Chartered Accountants, Mumbai, (Firm Registration Number: 101248 W / W-100022) were appointed as Statutory Auditor of the Company in the 52nd Annual General Meeting of Company held on April 24, 2015 for a period of five consecutive years, subject to ratification by members every year in the AGM. Based upon the declaration on their eligibility, consent and terms of engagement, your Directors propose ratification of their appointment in 53rd Annual General Meeting until conclusion of 54th Annual General Meeting of the Company.

Secretarial Auditors

M/s. Samdani Kabra & Associates, a firm of Company Secretaries in practice was appointed as Secretarial Auditors, to carry out Secretarial Audit of the Company. In terms of provisions of section 204 of the Companies Act, 2013, a Secretarial Audit Report has been annexed to this Report. (ANNEXURE -H)

Cost Auditors

M/s Y. S. Thakar & Co., Cost Accountants were appointed as Cost Auditors to carry out the audit of the cost records of the Company for the Financial Year ending December 31, 2015. Based upon the declaration on their eligibility, consent and terms of engagement, your Directors propose their appointment for the year 2016.

Explanation or Comments on disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports;

There have been no disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports, requiring explanation or comments by the Board.

Contracts and Arrangements with Related Parties

The transactions with the related parties are governed by prevailing regulatory requirements and Company's policy on dealing with such transactions. During the year, all transactions with the related parties have been carried out in normal course of business and based upon well set principles of arm's length. A separate report containing details of 'Material Related Party Transactions' carried out during the year is annexed to this report. (ANNEXURE - D)

Corporate Social Responsibility (CSR)

Being an Indian company, we are equally motivated by the Indian ethos of Dharma as a key plank for organisational self-realisation. Guided by the prevailing regulatory requirements, the Company has constituted a 'Corporate Social Responsibility (CSR) Committee' and framed a Policy on CSR, summary of which together with details of CSR activities undertaken by the Company during the year 2015, have been covered in separate report on CSR annexed to this report. (ANNEXURE - E)

Whistle Blower Policy/ Vigil Mechanism

Your Company has a well-defined 'Whistle Blower Policy' and established Vigil Mechanism to provide for adequate safeguard against victimisation of Directors and employees who follow such mechanism and also make provisions for direct access to the chairperson of Audit Committee in appropriate cases.

Whistle Blower Policy of the Company is available on the Company's website at the web-link:

http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/codes_policies/Vigil_Mechanism_OR_Whistle_Blower_Policy.pdf

DIRECTORS' REPORT

Particulars of Loans given, Investments made, Guarantees given and Securities provided

The particulars of loans have been disclosed in notes to the financial statements. Except prolongation of existing inter-corporate loans, there have been no fresh loans given, investments made or guarantees given during the year.

Deposit

During the year, the Company has not accepted any deposits under the Companies Act, 2013.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names of employees drawing remuneration in excess of the limits set out in the said rules forming part of this Report is given in the Annexure to this Report. However, pursuant to provisions of Section 136(1) of Companies Act, 2013 all reports and accounts are sent to all the shareholders of the Company except this annexure. Any shareholder, interested in inspecting this report, can visit to our registered office or write to the Company Secretary for a copy of it.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been appended to this Report. (ANNEXURE - F).

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this Policy. No complaint received by the Committee during the year.

Extract of Annual Return

As per regulatory requirements 'Extract of Annual Return' is provided in a separate report annexed to this Report. (ANNEXURE - G).

Orders passed by the Regulators or the Courts or the Tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company's operation.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013, your Directors hereby state that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

b) The accounting policies have been selected and these have been applied consistently and judgments and estimates made thereon are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at December 31, 2015 and of the profit of the Company for that period;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) Annual accounts of the Company have been prepared on a 'going concern' basis;

e) Internal financial controls have been laid down and being followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended December 31, 2015.

Acknowledgements

Your Directors wish to place on record their sincere appreciation for the wholehearted and continued support extended by the Shareholders, Schaeffler Group, Suppliers, Customers, Stockists & Importers, Banks and all Employees of the Company during the year under report.

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

MANAGEMENT DISCUSSION & ANALYSIS

(Annexure A to the Directors' Report)

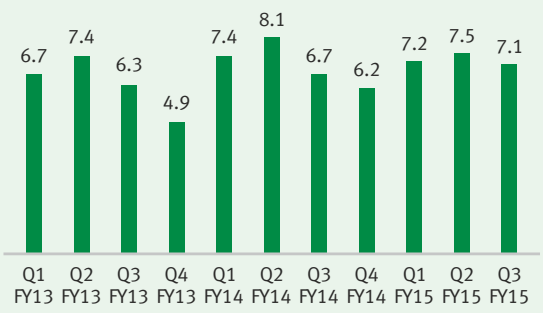
A MACRO-ECONOMIC ENVIRONMENT

According to World Bank report of January 2016, the global growth in year 2015 fell short of expectations; decelerating to 2.4% from 2.6% in previous year. The disappointing performance mainly reflected a continued growth deceleration in emerging and developing economies amid post-crisis lows in commodity prices, weaker capital flows and subdued global trade.

The World Bank forecasts global growth to edge up in the coming years, but at a slower pace; reaching 2.9% in 2016 and 3.1% in 2017-18. The forecast is however subject to substantial downside risk due to overall volatility in global markets.

At home in India, economic performance was impacted by weak monsoon, slowdown in exports, and stalled parliamentary action which delayed critical reform initiatives. Growth in Quarter Oct-Dec slowed down to 7.1%. However IMF forecast suggests that Indian economy will remain on recovery path helped by lower fuel and commodity prices, well managed fiscal deficit and positive policy action of the government.

GVA at Basic Prices - Overall (%YOY)



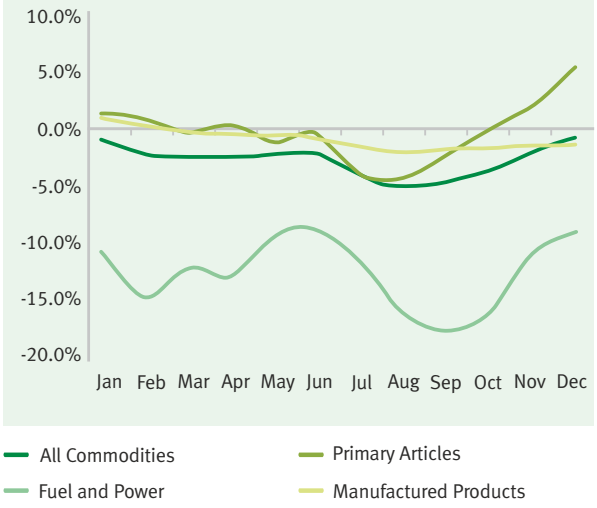
The forecast for Gross Value Added (GVA) growth in year 2015-16 is estimated at 7.3% and is expected to further grow at 7.6% for the year 2016-17.

Experts however caution that the recovery may be uneven and there are downside risks. The pick-up in the investment cycle is yet to gain strength, the banking system is weighed down by bad loans, and the weaker global economy has hit India's exports.

India's wholesale prices continued to fall with the pace of price decline touching 0.73% in December 2015. The pace of price decline was driven by the global meltdown in commodity prices impacting energy and manufactured product costs.

Development of Wholesale Price Index in 2015

Wholesale Price Index : Development at Article level



B INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company operates across the following major market sectors:

(A) Automotive OEM

(B) Industry OEM

(C) Aftermarket

(D) Exports

MANAGEMENT DISCUSSION & ANALYSIS

(Annexure A to the Directors' Report)

According to first estimates, rolling bearings demand in year 2015 grew by about 5% over last year and is currently estimated at approximately ₹ 95 billion. Besides local production, imports of bearings also grew in 2015 and is currently placed in the range of 45-50% of the total demand.

(1) AUTOMOTIVE

Development of Automotive Production in India

(Quantity in Thousand Numbers)

	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Change % 2011 vs 10	Change % 2012 vs 11	Change % 2013 vs 12	Change % 2014 vs 13	Change % 2015 vs 14
Two and Three Wheelers	13,542	15,928	16,524	17,257	19,429	19,462	17.6%	3.7%	4.4%	12.6%	0.2%
Passenger Vehicles	2,806	3,054	3,285	3,132	3,157	3,368	8.8%	7.5%	-4.6%	0.8%	6.7%
Light Truck (LCV)	391	509	539	516	433	427	30.3%	5.8%	-4.3%	-16.0%	-1.4%
M & HCVs	332	372	338	226	249	320	12.2%	-9.1%	-33.1%	9.9%	28.9%
Tractors	496	631	588	683	667	557	27.2%	-6.8%	16.1%	-2.3%	-16.5%

Source: SIAM

Two & Three Wheelers

After a smart growth in year 2014, production of Two & Three Wheelers remained flat in the year 2015. Inconsistent rainfall and low farm output impacted rural demand as sales of base level motorcycles in particular was impacted. For the year 2016, a modest recovery is likely. Due to capacity expansion by leading players in the industry, Two Wheeler market may see increased competitive pressure in the coming years.

Passenger Vehicles

After a flat development in year 2014, Passenger Vehicles (Passenger Cars & Utility Vehicles) market expanded by about 7% in year 2015. Growth was led by Maruti Suzuki with a growth of two-digit increase in production. Outlook for the year 2016 remains positive as growth will be driven by new model launches and replacement demand.

Commercial Vehicles

After a sharp decline in year 2013, production of Medium and Heavy Commercial Vehicles continued to recover in year 2014 and year 2015. The production of light commercial vehicles did not grow due to multiple reasons.

Factors such as replacement of aging fleet and expectations of pick-up in infrastructure demand is expected to drive further growth of Medium and Heavy Commercial Vehicles. Despite current unfavourable trends, long-term prospects of Light Commercial Vehicle segment remains positive due to further proliferation of "Hub and Spoke" logistic model consequent to likely implementation of GST.

Agricultural Tractors

Production of agricultural tractors declined sharply in year 2015 due to multiple factors such as weak monsoon, flood in some parts of southern India, low Kharif crop and stagnant Mandi prices. With expectations of increase in allocation for agriculture and rural infrastructure in forthcoming union budget, coupled with expected increase in minimum support prices of Rabi crops, the industry expects recovery in tractor production in year 2016.

In general, medium and long term outlook for automotive sector is positive. Favourable demographics, growing middle class, rapid urbanisation and expansion of infrastructure will drive the need for personal and public transportation. Industry will increasingly follow the global trend towards higher efficiency, controlled emissions, high safety and improved driving comfort.

As a member of Schaeffler Group, your Company benefits from extensive system competence in this sector. We continue to emphasize on enhancing our engineering and development competence. Our engineers are well trained and leverage their system competence as success factor. We work together with our customers in automotive sector at an early stage of their product development. This gives us opportunity to offer improved products, features and modules that support our customers in realising higher efficiency.

Besides investing in development of engineering competence, your Company is also expanding production of ball bearings and advanced wheel bearings to meet growing demand of our customers.

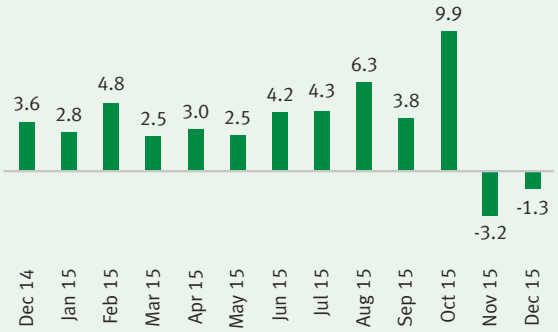
With our approach to continuously expand our engineering and manufacturing footprint in India, we set basis for long term success in this sector.

(2) INDUSTRIAL SECTORS

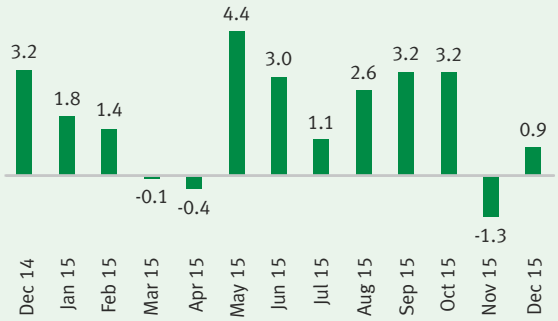
Growth in overall industrial activity was below expectations during the year 2015. The average growth in Index of Industrial Production (IIP) for the year 2015 was placed at 3.3%. Delayed private investment cycle, slower growth in infrastructure industry and weakness in export demand kept industrial development at moderate levels.

Development of Industrial production in 2015

IIP - Overall (%YOY)



Core Industry Growth



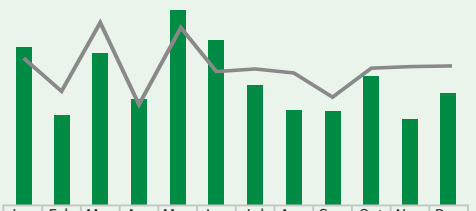
Development of core industry slowed down considerably at 1.7% for the year 2015. Production of Steel in particular was impacted due to increased competition from cheap imports.

Cement Production (Mio Tonnes)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Y 2015	23.8	22.6	23.8	23.4	24.3	23.6	23.0	21.6	21.5	22.7	20.4	23.9
Y 2014	23.7	22.0	24.9	24.0	23.7	23.0	22.7	20.5	21.8	20.4	20.8	23.2

Y 2015	274.5	Y 2014	270.4	Growth	1.5%

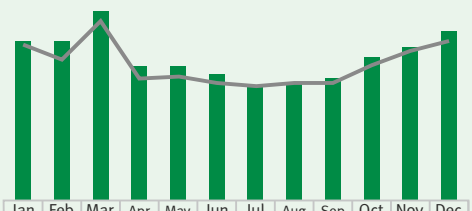
Steel Production (Mio Tonnes)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Y 2015	7.9	7.1	7.9	7.3	8.4	8.0	7.5	7.2	7.2	7.6	7.1	7.4
Y 2014	7.8	7.4	8.2	7.3	8.2	7.6	7.7	7.6	7.3	7.7	7.7	7.7

Y 2015	90.5	Y 2014	92.3	Growth	-2%

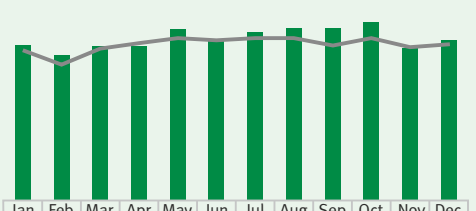
Coal Production (Mio Tonnes)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Y 2015	58.1	58.3	69.2	49.0	49.1	46.5	42.3	43.6	44.9	52.9	56.6	61.9
Y 2014	57.1	52.3	65.3	45.4	45.6	43.8	42.2	43.5	44.1	49.7	54.7	58.4

Y 2015	632.4	Y 2014	601.9	Growth	5.1%

Electricity (Bn KWH)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Y 2015	86.0	80.7	86.1	86.2	94.9	89.0	93.1	95.1	95.2	98.5	85.3	89.3
Y 2014	83.7	76.7	84.6	87.2	90.0	88.9	90.0	90.1	85.9	90.5	85.3	86.9

Y 2015	1,079.4	Y 2014	1,039.7	Growth	3.8%

MANAGEMENT DISCUSSION & ANALYSIS

(Annexure A to the Directors' Report)

The outlook of our customer sectors such as Industrial Transmission, Electrical Machinery is dependent on new projects resulting from revival of investments.

In Rail sector, the government has ambitious plans for growth and modernisation. 'Dedicated Freight Corridor' project is progressing well. The government has also awarded contracts for production of Diesel and Electrical locomotives to private companies under PPP model.

The new government policies are clearly targeted to provide impetus to renewable sector. Though, solar energy production does not require rolling bearings, stronger development in Wind sector augurs well for your Company.

Development of Aftermarket demand is linked to capacity utilisation and new projects in sectors such as Steel, Mining, Cement and Paper industry to name a few. Since most of our customers in these sectors are still to utilise their full capacities, development in Aftermarket demand therefore remained subdued.

Trend in Aftermarket is clearly towards reduced Total Cost of Ownership (TCO). The customers are also looking for very short lead times. At the same time, the competitive intensity in this sector continues to increase as more and more brands, both local and imported, vie with each other to get share of Aftermarket demand.

Your Company has strong presence in industrial business. The 'Make in India' initiative of the government of India, with its focus on liberalised FDI regime, boost in manufacturing sectors such as defence, aerospace, etc., and concrete measures to improve 'Ease of doing business', will provide necessary impetus to industrial growth in medium and long terms. Trends towards growing urbanisation, multi modal transportation, development of infrastructure and focus on conventional as well as renewable energy will encourage industries to focus on high efficiency, quality and productivity. Your Company with its leadership in engineering and manufacturing technologies as related to rolling bearings, will benefit from these emerging trends. Some of the initiatives taken by our Company to secure long term success in industrial business are as follows:

1) We are continuing to expand production of low friction ball bearings at Savli plant.

2) Our production technology at Vadodara plant has been upgraded to produce highly efficient X-Life cylindrical roller and spherical roller bearings.

3) With setting up of Large Size Bearings (LSB) plant at Savli, we have set a basis for development and production of high performance bearings for demanding applications in Heavy Industries and Energy sectors. We have also invested in special processes like Black Oxidation to meet high quality expectations for applications in renewable sector. Large Size Bearings produced at our Savli plant are gaining excellent recognition from our customers in diverse sectors. The plant is now well utilised near to its capacity.

4) The technical competence of our engineers is the key success factor for your organisation. Our application engineers and technical office are continuously expanding their competences. Our Schaeffler technology centre develops comprehensive understanding of customers' business and processes. Deep know-how of key equipment and applications help us in designing and providing efficient and sustainable solutions far beyond a mere supply of products to our customers.

5) We continue to develop new products and expand our portfolio to get increased share with our customers in focus sectors.

6) In Aftermarket, responding to the trend towards reducing TCO, we offer value added services such as bearing mounting, lubrication, shaft alignment, condition monitoring and roll shop maintenance, to name a few. During the year under review, your Company successfully operated maintenance / condition monitoring projects in steel, cement and paper industries.

7) We continued to expand our channel reach in the country, especially in rural markets. Our initiative to enhance technical competence of our channel partners is gaining acceptance.

The central government is laying great emphasis on agricultural revival, rural sector, healthcare and infrastructural development. This will lead to gradual improvement in economic and industrial outlook for the year 2016.

With its strategy to invest in continued expansion of manufacturing and engineering footprint, your Company is determined to maintain its growth approach in the short and long term.

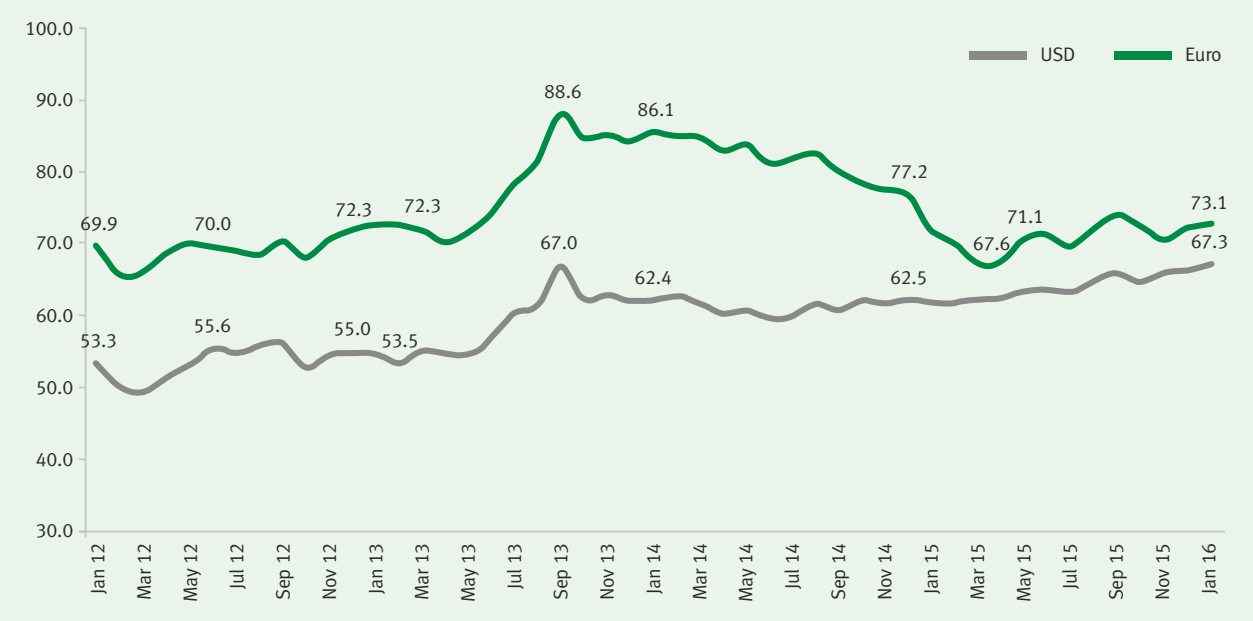
(3) EXPORTS

Your Company sells products manufactured in Vadodara and Savli plants to Schaeffler companies worldwide. During the year, the growth in revenue from exports slowed down to 4.7%.

Global economical environment is expected to remain in stress during year 2016. This may limit further expansion of our exports business. At the same time, your Company will continue to focus on raising its quality, cost and development capabilities to enhance global competitiveness and win markets.

(% change w.r.t. 12M 2014)

(4) DEVELOPMENT OF FX RATES (USD AND EURO VS INR)



Volatility in exchange rate remained within manageable limits during year 2015. Your Company follows long term hedging strategy with regard to foreign exchange exposure.

(5) COMPETITION

Bearing industry has always been highly competitive. With slow-down in global economies, competition from imports intensified and this led to further pressure on prices.

At the same time, due to weak implementation of IPR in India, counterfeit products continue to pose unhealthy competition to reputed brands like ours.

Your Company focuses on technology, quality and innovation as its core competencies. We are convinced that our customers do not just look for low cost but insist on high product quality, efficiency and management of TCO. With our strategy to invest in best in class products, we are in position to meet growing expectation of our customers.

MANAGEMENT DISCUSSION & ANALYSIS

(Annexure A to the Directors' Report)

C RISK MANAGEMENT SYSTEM

Like any other ongoing business, your Company is exposed to a large number of potential risks that can adversely affect its business. Your Company has established comprehensive Risk Management System to ensure that risks to the Company's continued existence as a going concern and to its development are identified and addressed on timely basis. Consciously dealing with identified risks and regularly monitoring risk factors increases risk awareness and ensure continuing improvement.

Management identifies and evaluates; especially such risks which could jeopardize continued existence or development, at an early stage, defines and implements measures to control these risks. The risk management system consists of multi phased process. Initially, all risks are identified by different departments and functions as bottom up approach. These risks are then analyzed and evaluated by the Company's management team before these are reported to the Board of Directors.

Risks are classified in different categories such as financial risk, operational risk, legal risk and strategic risk. These risks are then classified and quantified depending on probability of occurrence and the extent of potential damage. This analytical approach clearly leads to categorization of risks as follows:

1) **Material Risk** - Risk with high probability and high negative impact
2) **Significant Risk** - Risk with medium probability and medium negative impact on profit or value of the Company
3) **Non Critical Risk** - Risk with either low probability of occurrence or which has negligible impact on profit or value of the Company.

The management presents above risk analysis along with planned mitigation to the Board of Directors periodically. Risk management strategy as approved by Board of Directors is implemented by the Company management.

D INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate Internal Audit System that promotes reliable financial reporting, safeguards assets, encourages adherence to fair management policies as well as to the Schaeffler Group Guidelines and Specifications, as far as these are applicable and promote ethical conduct. The strong Internal Control Systems have been designed in a way that, they not only prevent fraud and misuse of the Company's resources but also protect shareholders' interest.

The Audit Committee of Board of Directors, on regular intervals and in co-ordination with Internal and Statutory Auditors, reviews the adequacy of Internal Control Systems within the Company.

The Company has an Independent Internal Audit Department.

Based upon the recommendations of the Audit Committee, an Annual Audit Plan (AAP) is prepared by the Internal Audit Department, which is reviewed periodically by the top management and the Audit Committee.

The internal audit focuses on compliance as well as on robustness of various business processes. A feedback on non-conformities along with recommendation for process improvements is directly provided to the top management of the Company. Compliance on audit findings and tracking of process improvements is regularly carried out.

All transactions are authorised as per Company's Approval and Signature Guidelines, which are recorded and reported in an organised manner.

E FINANCE

Your Company's total Income (including other income) was placed at ₹ 17,806 million in year 2015 (Year 2014: ₹ 16,731 million) representing a growth of 6.4%. Profit before tax was placed at ₹ 2,938 million (Year 2014: ₹ 2,324 million) representing a growth of 26.4%.

Reasonable growth in domestic and exports markets together with improvement in operational efficiency led to favourable impact on bottom line. Our Company has been consistently practising prudent finance and working capital management. The strong focus on working capital and liquidity management has helped timely generation of sufficient internal cash flow to invest in long term strategic objectives of the Company.

We consider your Company's performance as satisfactory.

F HUMAN RESOURCE AND INDUSTRIAL RELATIONS

At FAG, our fundamental belief in immense power of human potential and teamwork is reflected in our people approach.

Your Company continued its focus on people excellence and implemented a number of initiatives involving employees and their families.

(1) COMPETENCE BUILD UP

Engineering Competence Model

Your Company considers engineering competence of its sales and technical team as its core competitive advantage. During the year, we continued implementation of our systematic engineering competence model and covered all our Sales Engineers, Product Designers, Application Engineers and Field Service Engineers. This multi-phased program imparts a clear understanding of bearing and engineering principles.

Team Leader Program

The Team Leader program aims to improve quality of line management at the shop-floor. Team leaders are selected based on extensive assessment of potential candidates' technical, analytical and leadership capabilities. The selected candidates are extensively trained in modern manufacturing practices, lean management, quality management principles and behavioural aspects. In order to emphasise on customer centricity, we provide the team leaders with in depth understanding of the Company's customers and their expectations.

Leadership and Talent Management

As a part of Schaeffler, we follow the globally standardised leadership and talent management practices.

Our EDD (Employee Development Dialogue) program maps employee competence with current and future needs of organisation and thus sets basis for a systematic developmental intervention. During the year, we intensified our multi-level leadership development initiatives such as; Young Leadership program and Accelerated Leadership program.

(2) EMPLOYEE ENGAGEMENT

We lay great emphasis on regular communication with our employees and their families to share and promote organisational values. Town-hall meetings are regularly held as a platform to share organisational priorities and best practices with our employees.

In year 2013, we had set up our WEe Wonder FAG Children Club which provides children of our employees with an excellent platform to ideate, create and interact with peers from diverse background and thus helps in spreading the values of togetherness, positive thinking and mutual respect. This year the WEe Wonder Club hosted a musical event for elderly in their families. This event called Sanskar Setu was extremely successful and strengthened bonds between members of three generations.

In order to ignite curiosity and develop scientific temper, the WEe Wonder Club organised a visit to Science city in Ahmedabad. Over 300 members participated.

MANAGEMENT DISCUSSION & ANALYSIS

(Annexure A to the Directors' Report)

Helping in Crisis

Recognising uncertainties of modern life and the harsh realities that families face in the event of untimely demise of an earning member, the Company continued its 'Employee Death Assistance' scheme to provide immediate additional assistance to the family members in the event of an unforeseen demise of an existing employee.

The scheme provides an assistance of lump sum amount equivalent to 120 months of last salary (basic + DA) drawn by the deceased employee and thus provides immense relief to the family. This unique scheme has been widely appreciated by all our employees.

Other Details

At the end of this year, employee strength of the Company was 1,638. During the year 2015, we largely maintained our track record of industrial harmony and peace.

G ENVIRONMENT

At FAG, we traditionally place great emphasis on combining economic success with taking responsible action towards Environment and Society. The commitment to sustainable management is anchored in our corporate management principles. Additionally, we take care of India specific laws and rules in our daily operations.

- ☑ Towards fulfilling our responsibility for environment, we systematically analyse risks, evaluate all possible impacts and take appropriate decisions to execute our strategy.
- ☑ Our plant at Maneja - Vadodara has long been validated regarding environmental protection in accordance with E-MAS and ISO 14001 certification. In addition Occupational Safety function is certified in accordance with OHSAS 18001.
- ☑ Our new plant at Savli was also recently certified with E-MAS, ISO 14001 and OHSAS 18001.
- ☑ We have competent environmental protection and safety officers stationed at each of our plant sites. These experts have regular communication and interaction with Schaeffler's global Competence Centre for Environmental Protection and Safety (CC-EHS). This allows clear understanding of global benchmark practices and lessons learnt which are then taken as actionable points in respective plant locations.
- ☑ We carry out systematic and periodic measurement of indices such as Water Consumption, Effluent Discharge, Gas Emission and Electricity Consumption. These measurements are transparently shared among all employees. Besides creating general awareness among employees towards environmental protection, the management encourages initiatives that are targeted towards reduction in consumption of resources and improvement in resource efficiency across all our processes.
- ☑ Our organisation-wide initiative - MOVE (German acronym for "More without Waste") has been very effective in identifying waste in our processes and in improving overall process efficiency. We continue to emphasize on training all our employees at our MOVE Academy where they are imparted training on MOVE principles through classroom studies and simulation games.
- ☑ Together with our customers, we design products which are energy efficient. Our plant at Vadodara already produces high performance X-Life bearings. These bearings are designed and manufactured to carry higher load ratings within the existing boundary dimensions. This allows customers to use downsized bearings for the same application or alternatively customers can expect much longer service life in existing applications.
- ☑ Our advanced products such as Wheel Module combine various functionalities within a bearing and thus significantly reduce system weight and improve reliability and efficiency.
- ☑ Our Savli plant is successfully producing Low Friction ball bearings which besides reducing noise levels also reduce friction significantly.
- ☑ FAG has strong presence in the Renewable Energy sector. Our comprehensive product portfolio to wind sector includes technologically advanced Main Rotor shaft bearings, Gear-box bearings, and Generator bearings. With ramp up of Large Size Bearing plant and

commissioning of Black Oxidation facility at Savli, we are now able to design and manufacture customized products for Wind energy customers in India.

- ☑ Towards the objective of improving efficiency and reducing Total Cost of Ownership (TCO), we offer comprehensive service portfolio to our customers. Our engineers work in customer's shop-floor and identify scope of improving efficiency and reducing overall cost. Due to strong technical capabilities of our service team, our customers can avoid significant break-downs and thus improve overall equipment efficiency.

- ☑ Together with other Schaeffler companies INA and LuK, we collaborate to integrate futuristic concepts of sustainable development. Our engineers are contributing towards development of India specific next generation vehicle platforms such as Concept Car and Concept Bike. Leveraging this know-how, we are partnering with our customers on specific projects to increase efficiency and reduce waste/emissions.

- ☑ In the area of Occupational Safety, our goal is to create safe and healthy work environment by designing work stations and workflows based on the principles of occupational safety and ergonomics. Our workforce is well trained in preventive aspects of safety and is highly motivated to achieve target of 'ZERO' work related accidents.

H CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied therein. Important factors that could make a difference include raw material availability and prices thereof, cyclical demand and pricing in the Company's principal markets, changes in Government regulations and tax regime, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

1 COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company is committed to maintain high standards and continues to practise good Corporate Governance. The core principles of Corporate Governance are:

(A) Lay emphasis on integrity and accountability.

(B) Incorporate several practices aimed at a high level of business ethics and effective supervision.

(C) Provide for enhancement of value for all stakeholders.

FAG India's Corporate Governance conforms to all regulatory and legal requirements. The basic philosophy behind an endeavour towards better Corporate Governance is to achieve business excellence. This Corporate Governance Report sets out a description of FAG India's Corporate Governance Practices.

2 BOARD OF DIRECTORS

Your Board of Directors, closely monitors the performance of the Company and Management, approves the plans, reviews the strategy and strives to achieve organisational growth. Your Board ensures statutory and ethical conduct with high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term well-being of the Company.

(A) Composition of Board

(i) The management of your Company is entrusted to the Managing Director, who is assisted by a Management Core Team and Senior Executives having rich experience and expertise in their respective fields.

(ii) None of the Directors on the Board is a Member of more than 10 Committees or a Chairman of more than 5 Committees [as stipulated in Clause 49 of the Listing Agreement or Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015] across all the Indian Public Companies, in which he / she is a Director. The necessary disclosure regarding the committee position & other Directorship has been made by the Directors.

(iii) The names and categories of the Directors on the Board, their attendance at Board Meetings, last Annual General Meeting held during the year, number of directorships held by them in Indian Companies (Public and Private) and committee chairmanship / membership held by them in Indian Public Companies are given herein below. For reckoning the maximum number of chairmanships / memberships in committees, only two committees viz. 'Audit Committee' and 'Stakeholders Relationship Committee' of the Board are considered.

Name of Director(s)	DIN	Category	No. of Directorships	No. of Membership in Committees (Chairmanship)	Attendance in Board Meetings held in 2015 (physical)	The last AGM Attended; 'Yes' or 'No'
			As on December 31, 2015			
Mr. Avinash Gandhi	00161107	NE & NID	13	6(2)	4	Yes
Mr. Rajendra Anandpara	02461259	E & NID	1	1	4	Yes
Mr. Klaus Rosenfeld	07087975	NE & NID	1	0	3	Yes
Mr. Frank Huber	00689169	NE & NID	1	0	3	Yes
Mr. Dietmar Heinrich	00928243	NE & NID	1	0	4	Yes
Mr. R. Sampath Kumar	00495192	NE & NID	3	0	4	Yes
Dr. Sanak Mishra	00027288	NE & ID	1	2	4	Yes
Mrs. Renu Challu	00157204	NE & ID	8	6(2)	4	Yes
Mr. Rakesh Jinsi	00182187	NE & ID	4	1	4	Yes
Mr. Rober Schullan (Up to February 7, 2015)	06717166	NE & NID	–	–	–	NA
Mr. Dharmesh Arora (Up to February 11, 2015)	05350121	NE & NID	–	–	1	NA

*E & NID: Executive and Non-independent Director *NE & NID: Non-executive and Non-independent Director
*NE & ID: Non-executive and Independent Director

(iv) **Executive Director:**

Except Mr. Rajendra Anandpara, the remaining eight Directors are Non-executive Directors and out of them, three are 'Independent Directors'.

(v) **Independent Directors:**

- Dr. Sanak Mishra, 'Fellow Member of the Indian National Academy of Engineering' is a 'Non-executive and Independent Director'.
- Mrs. Renu Challu, having vast experience in Banking and Finance, is a 'Non-executive and Independent Director'.
- Mr. Rakesh Jinsi having vast experience in Automotive Industry, is a 'Non-executive and Independent Director'.

(vi) **Non-independent Directors:**

- Mr. Avinash Gandhi, a professional, having vast experience in the Automobile Industry, is the Chairman of the 'Board' and classified as 'Non-Executive and Non-Independent Director'.
- Mr. Dietmar Heinrich, Mr. Frank Huber, Mr. Klaus Rosenfeld (Director w. e. f. February 11, 2015), Mr. Robert Schullan (Director up to February 7, 2015) and Mr. Dharmesh Arora (Director up to February 11, 2015), are professionals, working at senior positions with 'Schaeffler' and are classified as 'Non-executive and Non-independent Director'.
- Mr. R. Sampath Kumar is a lawyer, rendering legal services to 'Schaeffler' and is a 'Non-executive and Non-Independent Director'.

The 'Board of Directors' is constituted with an appropriate combination of Independent, Non-independent Directors, Woman Director, Executive and Non-executive Directors as per the prevailing regulatory requirements, as may be applicable. None of the Directors is related inter-se.

Directors' Shareholding in the Company

None of the Directors hold shares of the Company as on December 31, 2015.

Profile of Directors seeking Appointment / Re-appointment in 53rd Annual General Meeting

Name	Mr. Avinash Gandhi
Father's Name	Late Mr. Sitaram Gandhi
Date of Birth	October 1, 1938
Director Identification Number	00161107
Qualification	Degree in Mechanical Engineering
Occupation / Specialisation	Directorship / Advisory Auto Sector
Association	Since 2002 with FAG Bearings India Limited
Category	Non-executive and Non-independent Director
Shareholding in the Company	Nil
Directorships*	1 FAG Bearings India Limited 2 Lumax Industries Limited 3 Uniproducts (India) Limited 4 Havells India Limited 5 Indo Alusys Industries Limited 6 Minda Corporation Limited 7 Minda Sai Limited 8 Avinar Consulting Private Limited 9 Minda Vast Access Systems Private Limited 10 Minda Furukawa Electric Private Limited 11 Hyundai Motor India Limited 12 Hyundai Motor India Engineering Private Limited 13 QRG Enterprises Limited

Continued...

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

...Continued

Committee Memberships$	1 FAG Bearings India Limited Audit Committee - Member Nomination & Remuneration Committee - Member 2 Havells India Limited Audit Committee - Member Nomination & Remuneration Committee - Member 3 Hyundai Motor India Limited Audit Committee - Member Nomination & Remuneration Committee - Member 4 Lumax Industries Limited Audit Committee - Chairman Nomination & Remuneration Committee - Member 5 Minda Corporation Limited Audit Committee - Member 6 Minda Sai Limited Audit Committee - Chairman

** Directorships means Directorships in Indian Companies.*
$ Memberships means Memberships in Committees of Board of Indian Public Companies.

Profile of Directors seeking Appointment / Re-appointment in 53rd Annual General Meeting

Name	**Mr. Dietmar Heinrich**
Father's Name	Mr. Alfred Heinrich
Date of Birth	September 9, 1963
Director Identification Number	00928243
Qualification	Professional qualification in Mechanical Engineering
Occupation / Specialisation	CEO of Europe Region of Schaeffler Group / Leadership
Association	Since 2014 with FAG Bearings India Limited
Category	Non-executive and Non-independent Director
Shareholding in the Company	Nil
Directorships*	FAG Bearings India Limited
Committee Memberships$	FAG Bearings India Limited Nomination & Remuneration Committee - Member

** Directorships means Directorships in Indian Companies.*
$ Memberships means Memberships in Committees of Board of Indian Public Companies.

(B) Board Meeting(s) During 2015

In all, four Board Meetings were held during 2015 on the following dates:

Board Meeting (s)	**I**	**II**	**III**	**IV**
Dates	February 11	April 24	July 16	November 5
Start Timing	11:00 am	10:30 am	10:30 am	04:30 pm
Venue	Mumbai	Mumbai	Herzogenaurach Germany	Pune

The details of attendance of each of the Directors at the Board Meeting(s) are given above in the table at point no. 2A.

(C) Board Meeting Procedure

Annual Calendar of Board Meetings of the year is usually considered in the last Board Meeting of the previous year. The notice convening Board Meeting is sent to each of the Directors along with relevant papers well in advance of the meeting date. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. All significant developments and material events are brought to the notice of the Board; either as a part of the agenda papers in advance of the meeting or by way of presentations or circulation of relevant documents during the meeting. The Managing Director briefs the Board on the financial performance of the Company during the previous quarter and trend analysis as compared to the budgets, operational performance and market scenario.

The Board has complete access to all the information of the Company. The following information are provided to the Board as and when occasion arises:

1. Annual operating plans, budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit Committee & other Committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
14. Quarterly details of foreign exchange exposure and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer, etc.

(D) Code of Conduct

The Company has laid down a Code of Conduct, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations with regard to its compliance have been received for the year 2015 from all the Board Members and Senior Management Personnel.

There were no material financial and commercial transactions, in which Board Members or Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year. The Code of Conduct is also available on Company's website on following web link;

http://www.schaeffler.co.in/content.schaeffler.co.in/e/company/fag_in_india/investorsrelations/codeofconduct/codeofconduct_1.jsp

(E) Familiarisation Programmes to Independent Directors

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements.

Guided by the principles laid down for Corporate Governance under the Listing Agreement, SEBI Regulations and the Companies Act, 2013, Independent Directors are appraised through familiarisation programmes to provide insights into the Company, including; nature of Industry in which the Company operates, business model of the Company, relevant information on business processes and roles, responsibilities, duties and rights of Independent Directors.

The details of such familiarisation programmes have been disclosed on the website of the Company on following web-link;

http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/independent_directors/Familiarisation_Programme_FAG_India.pdf

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

3 AUDIT COMMITTEE

(A) Composition of Audit Committee

The Company has an Audit Committee at the Board level, with the powers and roles in accordance with the prevailing regulatory requirements. The Committee acts as a link amongst the Management, Auditors and the Board of Directors. The existing Audit Committee was last re-constituted in a Board Meeting held on February 11, 2015 with following members:

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Mrs. Renu Challu	Chairperson	Non-executive & Independent
2	Mr. Avinash Gandhi	Member	Non-executive & Non-independent
3	Mr. Rakesh Jinsi	Member	Non-executive & Independent
4	Dr. Sanak Mishra	Member	Non-executive & Independent

The Company Secretary acts as the Secretary to the Audit Committee.

(B) Meetings of Audit Committee and Attendance of Members

Details of the Audit Committee Meetings held during 2015 are as follows:

Audit Committee Meeting(s)	I	II	III	IV
Dates	February 11	April 24	July 16	November 5
Start Timing	09:00 am	09:00 am	09:00 am	03:00 pm
Venue	Mumbai	Mumbai	Herzogenaurach, Germany	Pune
Attended by	All the Members			

The meetings of Audit Committee were also attended by the Managing Director, the Chief Financial Officer, the Company Secretary, the Statutory and the Internal Auditors of the Company. The Cost Auditor attended meeting held on April 24, 2015.

All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise. The Chairperson of the Audit Committee, Mrs. Renu Challu, attended the 52nd Annual General Meeting held on Friday, April 24, 2015.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
6. Statement of deviations.

(C) Terms of Reference

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, Listing Agreements or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable, and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Committee acts as a link amongst the Management, Auditors and the Board of Directors. The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information

to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   a) Matters required to be included in the 'Directors' Responsibility Statement'.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgment by Management.
   d) Significant adjustments made in the financial statements arising out of audit findings.
   e) Compliance with listing and other legal requirements relating to financial statement.
   f) Disclosure of any related party transactions.
   g) Qualifications / modified opinion(s) in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is included in the terms of reference of the Audit Committee.

4 NOMINATION AND REMUNERATION COMMITTEE (NRC)

Pursuant to provisions of Section 178 of the Companies Act, 2013 read with Listing Agreement, 'Nomination and Remuneration Committee' of the Board (hereinafter referred as 'NRC') was constituted with effect from November 6, 2014.

(A) Composition of NRC

The NRC, last reconstituted at the Board Meeting held on February 11, 2015, is in line with prevailing provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, consisting of following members:

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Dr. Sanak Mishra	Chairman	Non-executive & Independent
2	Mr. Rakesh Jinsi	Member	Non-executive & Independent
3	Mr. Dietmar Heinrich	Member	Non-executive & Non-independent
4	Mr. Avinash Gandhi	Member	Non-executive & Non-independent

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

(B) Meetings of NRC and Attendance of Members

During the year 2015, two meetings of NRC were held, details of which are as follows;

NRC Meeting	Dates	Start Timing	Venue	Attended by
I	April 24	06:00 pm	Mumbai	All the members
II	November 5	01:30 pm	Pune	All the members

(C) Terms of Reference of NRC

The Committee acts as a link between the Management and the Board of Directors. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required. The Committee shall act in accordance with the terms of reference which shall, inter alia, include:

i) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;

ii) Formulation of criteria for evaluation of Independent Directors and the Board;

iii) Devising a policy on Board diversity;

iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

v) Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

5 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, 'Stakeholders Relationship Committee' (hereinafter referred as SRC) of the Board has been constituted to especially look into the mechanism of redressal of grievances of shareholders.

(A) Composition of SRC

This Committee last reconstituted at the Board Meeting held on February 11, 2015, consisting of following members;

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Mrs. Renu Challu	Chairperson	Non-executive & Independent
2	Dr. Sanak Mishra	Member	Non-executive & Independent
3	Mr. Rajendra Anandpara	Member	Managing Director

The Company Secretary Mr. Raj Sarraf acts as the Secretary to this Committee, and also appointed as Compliance Officer of the Company.

(B) Meetings of SRC and Attendance of Members

During the year 2015 a meeting of SRC was held, details of which is as follows;

SRC Meeting	Date	Start Timing	Venue	Attended by
I	July 15	01:00 pm	Herzogenaurach, Germany	All the members

(C) Terms of Reference of SRC

The Committee shall act in accordance with the terms of reference which shall, inter alia, include:

a. To specifically look into the mechanism of redressal of grievances of shareholders,
b. The Committee shall consider and resolve the grievances of the shareholders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends and
c. To review effectiveness of Investors' relations system of the Company.

During 2015, one (1) complaint was received which was attended to and resolved satisfactorily during the year leaving no complaint pending as on December 31, 2015.

6 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

Pursuant to provisions of Section 135 of the Companies Act, 2013, 'Corporate Social Responsibility Committee' (hereinafter may referred as 'CSR Committee') of the Board was constituted effective July 31, 2014.

(A) Composition of CSR Committee

This Committee last reconstituted at the Board Meeting held on February 11, 2015 consisting of following members:

Sr. No.	Name of Director(s)	Acting in the Committee as	Category
1	Mr. Rakesh Jinsi	Chairman	Non-executive & Independent
2	Mrs. Renu Challu	Member	Non-executive & Independent
3	Mr. Rajendra Anandpara	Member	Managing Director

(B) Meetings of CSR Committee and Attendance of Members

During the year 2015 two meetings of CSR were held details of which are as follows:

CSR Committee Meeting	Date	Start Timing	Venue	Attended by
I	April 24	08:00 am	Mumbai	All the members
II	November 5	11:30 am	Pune	All the members

(C) Terms of Reference of CSR Committee

The Committee shall act in accordance with the terms of reference which shall, inter alia, include:

a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

b. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c. Monitor the Corporate Social Responsibility Policy of the company from time to time.

7 MANAGERIAL REMUNERATION

(A) Remuneration to the Executive Director (Managing Director)

As per the Employment Agreement dated August 1, 2014, approval of the Shareholders by way of Ordinary Resolution passed on April 24, 2014 and approval of the Board by way of Board Resolution passed on February 11, 2015, the details of remuneration paid / payable during the year to the Managing Director are as follows;

(₹ in million)

Salary & Performance Bonus	7.50
Allowance & Perquisites	3.60
Company's contribution to funds	1.42
Total	12.52

Notes:

(a) Company's contributions to fund include Superannuation Fund and Provident Fund and exclude the accruals for gratuity as it is funded on the basis of an actuarial valuation for the Company as a whole.

(b) The Company did not have any Stock Option Scheme as at December 31, 2015.

The remuneration limit of Mr. Rajendra Anandpara for the period up to and including 2019 will be in accordance with the 'Employment Agreement' and the annual increment for the year 2016 will be decided by the Board of the Company.

(B) Remuneration to the Non-executive Directors

Directors (except for those who are in whole-time employment of the Company or other Schaeffler Associate Company) are paid sitting fees for attending Board / Committee Meetings and no commission / share of profit is paid to them. The details of sitting fees paid to them for attending Board / Committee Meetings during the year are as follows:

Name of the Directors	Number of Meetings attended					Amount (₹)
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Sitting Fees
	₹ 50,000/- per meeting	₹ 40,000/- per meeting	₹ 30,000/- per meeting			
Mr. Avinash Gandhi	4	4	–	2	–	420,000
Mr. R. Sampath Kumar	4	1	–	–	–	240,000

Continued...

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

...Continued

Name of the Directors	Number of Meetings attended					Amount (₹)
	Board Meetings	Audit Committee Meetings	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Sitting Fees
	₹ 50,000/- per meeting	₹ 40,000/- per meeting	₹ 30,000/- per meeting			
Mr. Rakesh Jinsi	4	3	–	2	2	440,000
Mrs. Renu Challu	4	4	1	–	2	450,000
Dr. Sanak Mishra	4	4	1	2	–	450,000
Total						**2,000,000**

All the Directors have been reimbursed expenses incurred by them in discharge of their duties. The payments made to a Director in his / her individual capacity or to his / her relatives have been disclosed. However, none of these Directors has any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or holding Company, subsidiaries and its associates which may affect their independence. The Company has not entered into any materially significant transaction with promoters, Directors or their relatives or its management or subsidiary that may have potential conflict with the interests of the Company.

Transactions of the Non-executive Directors or their relatives with the Company during the year 2015 are as follows:

1. ₹ 156,000/- was paid to relatives of Mr. Avinash Gandhi towards rent.
2. Professional consultation fees paid to Mr. R. Sampath Kumar is ₹ 1,024,975/-.

8 GENERAL BODY MEETINGS

Details of Annual General Meetings held in last three years are as follows:

Particulars	Meetings		
	52nd AGM	51st AGM	50th AGM
Date	April 24, 2015	April 24, 2014	April 25, 2013
Start Timing	3:00 PM	3:00 pm	3:00 pm
Venue	Padmabhushan Vasantdada Patil Sabhagruha, Sakhar Bhavan, 12th Floor, Nariman Point, Mumbai - 400 021, Maharashtra, India	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, 226, Nariman Point, Mumbai - 400 021, Maharashtra, India	
Resolutions Passed			
Ordinary Business:			
(1) Adoption of Accounts as at	December 31, 2014	December 31, 2013	December 31, 2012
(2) Declaration of Dividend	₹ 7.5 per equity share of ₹ 10 each	₹ 6 per equity share of ₹ 10 each	₹ 5 per equity share of ₹ 10 each
(3) Re-appointment of Rotational Directors	Mr. R. Sampath Kumar	Mr. Avinash Gandhi	Mr. Bernhard Steinruecke
	Mr. Frank Huber	Mr. Moreshwar Garde	Mr. Bruno Kraus
(4) Appointment of Auditors & to fix their remuneration	B S R & Co. LLP, Chartered Accountants, Mumbai		
Special Business:			
(1) Appointment of Directors	Dr. Sanak Mishra Mrs. Renu Challu Mr. Rakesh Jinsi Mr. Klaus Rosenfeld	Mr. Dharmesh Arora Mr. Robert Schullan Mr. Dietmar Heinrich	Mr. Udo Bauer
(2) Approval on	Material Related Party Transactions (Special Resolution)	Re- appointment of Managing Director Mr. Rajendra Anandpara	–

- Special Resolution was passed in the 52nd 'Annual General Meetings' held on April 24, 2015 obtaining approval on Material Related Party Transactions.
- No 'Extraordinary General Meeting' was held during the last three years.
- Postal Ballot was conducted during the year for obtaining approval on Scheme of Amalgamation.
- At the forthcoming 'Annual General Meeting' there is no item on the agenda requiring postal ballot.

Postal Ballot

Pursuant to Board Resolution passed in its meeting held on February 11, 2015 and in accordance with the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Management and Administration) Rules, 2014 ('the Rules') (including any statutory modification or re-enactment thereof for the time being in force), and Clause 35B of the Listing Agreement executed by the Company with the BSE Limited and the National Stock Exchange of India Limited, and Securities and Exchange Board of India ('SEBI') Circulars bearing nos. CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 ('SEBI Circulars'), a notice of Postal Ballot was circulated to the Public Shareholders on May 27, 2015, for obtaining their approval on the Scheme of Amalgamation of 'FAG Roller Bearings Private Limited' with 'FAG Bearings India Limited' and their respective shareholders and creditors.

Scrutinizer

The Board of Directors of the Company, in compliance with Rule 22 (5) of the Companies (Management and Administration) Rules, 2014, appointed Mr. Suresh Kumar Kabra, Practising Company Secretary, as Scrutinizer, for conducting the said Postal Ballot process in a fair and transparent manner. The Scrutinizers submitted their report on June 30, 2015, which along with results was sent to the Stock Exchanges (BSE Limited and National Stock Exchange of India Limited), was displayed at the registered office of the Company and made available on Company's website under the web link as under;

http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/fag_in_india/investorsrelations/investorrelations.jsp.

9 MEANS OF COMMUNICATION

Financial Results:

Pursuant to provisions of the Listing Agreements or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be applicable, periodical financial results and other publications of the Company are being published in a widely circulated English newspaper (Business Standard) and a Vernacular Marathi newspaper (Tarun Bharat). Financial results, as soon as they are approved by the Board, are forwarded to the Stock Exchanges (BSE & NSE) and also displayed on Company's Website www.schaeffler.co.in.

Filings with Stock Exchanges:

All the reports, statements, documents, filings and any other information that are required to be submitted with the recognised stock exchange(s) as per the Listing Agreement or Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be applicable, are disseminated / uploaded on website https://listing.bseindia.com/login.aspx under 'BSE Listing Centre' and on https://connect2nse.com/ LISTING/ under 'NSE Electronic Application Processing System (NEAPS).'

The Company generally does not make any presentation to analysts or to institutional investors. A letter from the Chairman, along with half-yearly results, is sent individually to all the shareholders at their residential address.

10 GENERAL SHAREHOLDER INFORMATION

(i) **53rd Annual General Meeting is scheduled to be held**

On: Wednesday, the 27th day of April, 2016
At: 3:00 pm
Venue: Kamal Nayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Nariman Point, Mumbai - 400 021, Maharashtra, India.

(ii) **Financial Year**

The Hon'ble Bench of Company Law Board, New Delhi has considered the petition filed by the Company under Section 2(41) of the Companies Act, 2013 and allowed the Company to continue to follow 'Calendar Year' as the 'Financial Year'.

A twelve month period starting from January 1, 2016 to December 31, 2016.

Financial Reporting for:

(a) 1st quarter ending March 31, 2016 - by the end of April 2016,
(b) 2nd quarter and half year ending June 30, 2016 - by the end of July 2016,
(c) 3rd quarter ending September 30, 2016 - by the end of October 2016,
(d) 4th quarter and year ending December 31, 2016 - by the end of February 2017.

(iii) **Date of Book Closure**

April 19, 2016 to April 23, 2016 (Both days inclusive)

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

(iv) **Dividend**

The Dividend for the year 2015 may be declared under agenda item no. 2 of forthcoming 53rd Annual General Meeting scheduled on April 27, 2016, and shall be paid within the time limit prescribed in the Companies Act, 2013.

(v) **Audit in 2015**

Sr. No.	Audits	Auditors in 2015	Audit Firm
1	Statutory Audit	Statutory Auditors	B S R & Co. LLP Chartered Accountants, Mumbai
2	Cost Audit	Cost Auditors	Y. S. Thakar & Co. Cost Accountants, Vadodara
3	Tax Audit	Auditors for Financial Year Audit and Tax Audit	K. C. Mehta & Co. Chartered Accountants, Vadodara
4	Secretarial Audit / Reconciliation of Share Capital Audit	Secretarial Auditors	Samdani Kabra & Associates Company Secretaries, Vadodara

(vi) **Listing of Equity Shares on Stock Exchanges**

The Equity Shares of the Company are listed on;

- BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India.
- National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block "G", Bandra - Kurla Complex, Bandra (E) Mumbai - 400 051, Maharashtra, India.

The requisite listing fees have been paid to the Stock Exchanges up to March 31, 2016.

(vii) **Custodial Fee to Depositories**

The Company has paid custodial fees for the year 2015 - 2016 to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) **Stock Code**

BSE Limited (BSE)	505790
National Stock Exchange of India Limited (NSE)	FAGBEARING
International Security Identification Number (ISIN)	INE513A01014
Corporate Identification Number (CIN)	L29130MH1962PLC012340

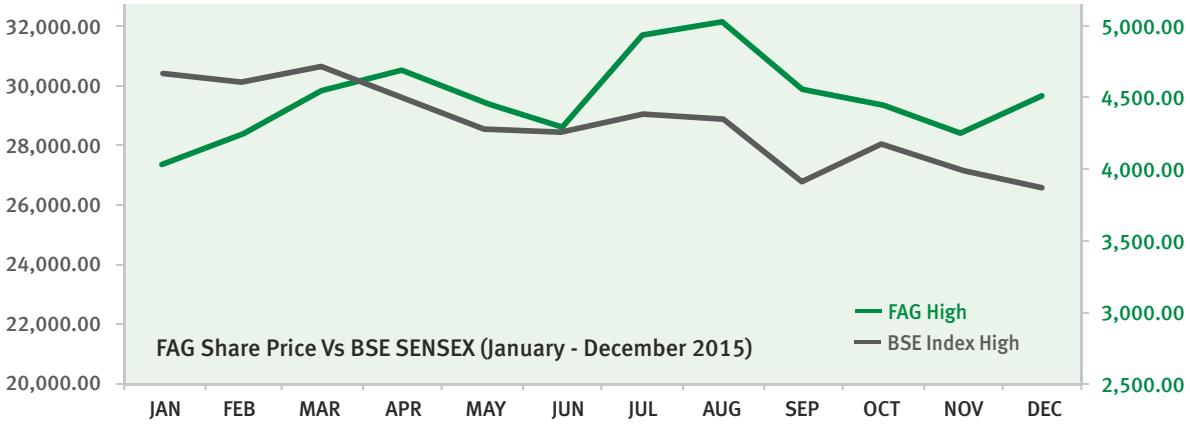
(ix) **Market Price Data**

A summary containing monthly High / Low share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

For the Year 2015	Equity Shares			
	BSE Limited, (BSE)		National Stock Exchange of India Limited, (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	3,950.00	3,404.90	3,920.15	3,390.00
February	4,150.05	3,600.00	4,160.00	3,615.05
March	4,431.05	3,830.00	4,450.00	3,831.00
April	4,580.00	3,949.00	4,599.00	3,933.05
May	4,361.35	3,890.00	4,399.00	3,880.00
June	4,198.95	3,880.00	4,185.00	3,857.20
July	4,800.00	4,100.00	4,920.00	4,091.00
August	4,890.00	4,060.20	4,890.00	4,100.00
September	4,450.00	4,010.00	4,469.95	4,000.00
October	4,343.80	3,944.10	4,362.80	3,970.05
November	4,164.00	3,725.00	4,149.00	3,750.00
December	4,375.00	3,930.00	4,415.00	3,895.00

(x) **Stock Performance**

The performance of the Company's shares relative to the BSE Sensitive Index for the year 2015 is given below:



(xi) **Registrar and Share Transfer Agent (RTA)**

The details are as under:

Name:	**Address :**	**Phone:**	**E-mail:**
Link Intime India Private Limited	B-102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020, Gujarat, India.	+91-265-2356573, 2356794 **Fax:** +91-265-2356791	vadodara@linkintime.co.in **Website:** www.linkintime.co.in

'Link Intime India Private Limited' is acting as 'Registrar & Share Transfer Agent' for Company's Equity shares in physical and dematerialised form.

(xii) **Share Transfer System**

Trading of Company's equity shares is possible in physical as well as dematerialised form. Shares sent for transfer in physical form are registered on a fortnightly basis and returned within prescribed period from the date of receipt of document, provided all the documents are valid and complete in all respects. This practice was changed from October 1, 2012 as per the new guidelines issued by Securities Exchange Board of India. Consequently, now shares sent for transfer in physical form are registered on a weekly basis and returned within a period of fifteen days from the date of receipt of documents, provided all the documents are valid and complete in all respect. The authority to approve the share transfer / transmission lies with the Board of Directors.

Further, with an intention to expedite the process of share transfer / transmission, the Board has delegated authority in favour of 'Key Managerial Personnel' up to 5,000 shares per transfer deed including demat request and to issue duplicate shares certificates in lieu of originals up to 2,000 shares per request.

The Company confirms that there is no share transfer pending as on December 31, 2015, for more than fifteen days, from the date of lodgement thereof. All requests for demat / remat received by the Company / Registrar and Transfer Agent were confirmed / rejected within prescribed period from the date of receipt thereof.

(xiii) **Information of Dividend**

Pursuant to provisions of law, the Company is committed to make timely payment of dividend. The dividend amount that remains unpaid or unclaimed for the financial year ended on December 31, 2008 is due to be transferred, on May 31, 2016, to 'Investor Education and Protection Fund' (IEPF) a Fund constituted by the Central Government.

Entitled Members are requested to lodge their claims before the last date for claiming unpaid / unclaimed dividend as shown in the table below for the dividend in respective years. For the claims lodged after the last due dates, the Company does not take any responsibility for payment, as the balance amount on last due dates along with interest earned thereon shall be transferred to the IEPF.

▶ **Details of unclaimed and unpaid dividend**

Year ended on	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31.12.2015
31.12.2008	24.04.2009	31.05.2016	418,204.00
31.12.2009	22.04.2010	29.05.2017	455,877.00
31.12.2010	21.04.2011	28.05.2018	520,005.00

Continued...

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

...Continued

Details of unclaimed and unpaid dividend

Year ended on	Date of declaration of dividend	Amount due for transfer to IEPF on	Amount lying unpaid (₹) as on 31.12.2015
31.12.2011	20.04.2012	27.05.2019	988,620.00
31.12.2012	25.04.2013	26.05.2020	572,215.00
31.12.2013	24.04.2014	26.05.2021	649,170.00
31.12.2014	24.04.2015	24.05.2022	743,595.00
Total amount lying unpaid as on December 31, 2015			**4,347,686.00**

(xiv) Distribution of Shareholding

Analysis of Shareholding	31.12.2015		31.12.2014	
	Number of Shareholders	Number of Shares held	Number of Shareholders	Number of Shares held
1 - 50	6,107	100,317	5,046	88,361
51 - 100	1,347	112,215	1,340	112,339
101 - 250	1,112	189,565	1,120	190,550
251 - 500	526	192,944	531	195,357
501 - 1,000	319	235,638	310	229,932
1,001 - 5,000	234	501,691	241	506,356
5,001 and above	126	15,284,900	113	15,294,375
Total	**9,771**	**16,617,270**	**8,701**	**16,617,270**

Note: The information given above in Distribution Schedules is on the basis of a Certificate received from the Registrar & Transfer Agent, Link Intime India Private Limited, on which the auditors have relied.

Category-wise summary of Shareholding

(As on December 31, 2015)

Sr. No.	Category	No. of Shareholders	No. of Shares	%
1	Promoters (FAG Kugelfischer GmbH)	1	8,529,183	51.33
2	Mutual Fund	88	4,262,277	25.65
3	Foreign Institutional Investor	24	662,662	3.99
4	Public	8,739	1,390,831	8.37
5	Bodies Corporate	285	1,305,708	7.86
6	Qualified Foreign Investor	–	–	–
7	Others	634	466,609	2.8
	Total	**9,771**	**16,617,270**	**100.00**

(xv) Top Ten Shareholders with their Shareholdings

(As on December 31, 2015)

Sr. No.	Name of Shareholder	Category*	Number of Shares held	% of total Paid-up Share Capital
1	FAG Kugelfischer GmbH	Promoter	8,529,183	51.33
2	IDFC Premier Equity Fund	MF	488,863	2.94
3	Sundaram Mutual Fund A/c Sundaram Select Midcap	MF	408,853	2.46
4	HDFC Standard Life Insurance Company Limited	OBC	395,119	2.38
5	HDFC Trustee Company Ltd. A/c HDFC Midcap Opportunities Fund	MF	348,314	2.10

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Sr. No.	Name of Shareholder	Category*	Number of Shares held	% of total Paid-up Share Capital
6	Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	MF	275,740	1.66
7	ICICI Prudential Life Insurance Company Limited	OBC	256,203	1.54
8	Shree Capital Services Limited	OBC	212,470	1.28
9	Kotak Mahindra (UK) Ltd. A/c India Midcap (Mauritius) Ltd.	FII	190,000	1.14
10	SBI Blue Chip Fund	MF	187,974	1.13
	TOTAL		**11,292,719**	**67.96**

** MF - Mutual Fund, OBC - Other Body Corporate, FII - Foreign Institutional Investor*

(xvi) **Dematerialisation of Shares and liquidity**

98.76% of the Paid-up Equity Share Capital is held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on December 31, 2015.

	NSDL	CDSL	Physical	Total
Shares (nos.)	16,089,148	321,779	206,343	16,617,270
Shares (%)	96.82	1.94	1.24	100.00

(xvii) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:** NIL

(xviii) **Plant Location**

The manufacturing activities are being carried out from the plants located at Vadodara, State of Gujarat.

(xix) **Address for correspondence**

Shareholders / Beneficial owners are requested to correspond with the Company's RTA (Registrar & Share Transfer Agent) as shown in Para (xi) with respect to any query, request, information or clarification pertaining to shares and are further advised to quote their folio number, DP & Client ID number as the case may be, in all correspondence with it. In addition to the Registrar's details given in (xi), shareholders may correspond at the following addresses:

Registered Office:
Nariman Bhavan, 8th Floor, 227, Backbay Reclamation,
Nariman Point, Mumbai - 400 021, Maharashtra, India.
Phone: +91 22-6681 4444 to 6681 4499 Fax: +91-22-2202 7022

Head Office:
P.O. Maneja, Vadodara - 390 013, Gujarat, India.
Phone: +91-265-660 2000-2004 Fax: +91-265-263 8804
E-mail: raj.sarraf@schaeffler.com

(xx) **Information through Internet / Company's Website**

The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements are being uploaded and can be viewed by the general public on www.listing.bseindia.com/login.apex and www.connect2nse.com/LISTING/. Apart from this, the Company's website www.schaeffler.co.in/ contains comprehensive information about the Company, its products, services, solutions, press releases and investor's information, etc. The required information is being placed from time to time on the website.

(xxi) **Other useful information to shareholders**
ECS / NECS Facility

The Company uses 'Electronic Clearing Services' (ECS) facility for remitting dividend to its shareholders wherever available.

In terms of notification issued by the Reserve Bank of India, with effect from October 1, 2009, remittance of dividend through ECS is replaced by 'National Electronic Clearing Services' (NECS). Banks have been instructed to move to the NECS platform. The advantages of NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.

To enable remittance of dividend through NECS, Members are requested to provide their new account number allotted to them by their respective banks after implementation of CBS. The account number must be provided to the Company in respect of shares held in physical form and to the Depository Participants in respect of shares held in electronic form.

Shareholders holding shares in physical form are requested to provide details of their bank account for availing NECS facility in the form attached to the Notice of the Annual General Meeting. However, if the shares are held in dematerialised form, the NECS mandate has to be communicated to the Depository.

(xxii) The Management Discussion and Analysis Report for the year ended on December 31, 2015, forms part of the Annual Report.

CORPORATE GOVERNANCE REPORT

(Annexure B to the Directors' Report)

11 DISCLOSURES

(i) The Board has received disclosures from the Senior Management relating to material, financial and commercial transactions, where they and / or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large; however, transactions with related parties as per requirements of Accounting Standard - 18 are disclosed under notes to accounts.

(ii) All transactions with related party, as defined under the Companies Act, 2013, Clause 49 of the Listing Agreement or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable, during the year were in ordinary course of business & at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions, and the same has been uploaded on the Company's website on followings web link;

http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/codes_policies/Policy_on_Related_Party_Transactions.pdf.

(iii) The Company has established Vigil Mechanism to provide for the safeguards against victimisation of Directors and Employees who follow such mechanism. The Board has approved Whistle Blower Policy / establishment of Vigil Mechanism pursuant to Provisions of Companies Act, 2013, Clause 49 of the Listing Agreement or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable, and the same has been put up on the website of the Company on following web link;

http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_/company/fag_india/ir/codes_policies/Vigil_Mechanism_OR_Whistle_Blower_Policy.pdf

As per the Policy no person has been denied access to the Chairperson of Audit Committee.

(iv) There have been no instances of any penalties or strictures imposed on the Company on any matter relating to the capital market, either by Stock Exchange, Securities and Exchange Board of India or any statutory authority during the last three years.

(v) The Company has adopted and complied with mandatory requirements as per Clause 49 of the Listing Agreement or provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. Some of the non-mandatory requirements have also been complied with.

(vi) The requisite certificates from CEO and CFO were placed before the Board Meetings for consideration.

(vii) The Company has adequate risk assessment and minimisation system in place. The risk management procedure is reviewed periodically.

Non-mandatory Requirements {Clause 49 Annexure - XIII to the Listing Agreement} OR Discretionary Requirements {Reg. 27(1) of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule II - Part E}

(A) The Board

Mr. Avinash Gandhi, being Non-Executive Chairman, is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in Performance of his duties.

(B) Shareholder's Rights

A letter from the Chairman, on half yearly financial performance of the Company including summary of the significant events is circulated to all shareholders.

(C) Audit Qualification / Modified Opinion(s)

There has been no Audit Qualification / Modified Opinion(s) in the Audit Report by the Auditor in the year 2015.

(D) Separate Posts of Chairman and CEO

The Chairman and Managing Directors are two separate individuals with vast experience and expertise.

(E) Reporting of Internal Auditor

Mr. Devang Shah, an internal auditor of the Company, submits report to the Audit Committee regularly.

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

To,

The Members of FAG Bearings India Limited

Re.: Declaration by CEO

I, RAJENDRA ANANDPARA, Managing Director of FAG Bearings India Limited, hereby declare that to the best of my knowledge and belief, all members of the Board of Directors and Senior Management Personnel have confirmed compliance with Company's Code of Conduct for the year ended on December 31, 2015.

Rajendra Anandpara
Managing Director & CEO
DIN: 02461259

Mumbai: February 12, 2016

To the Members of FAG Bearings India Limited

We have examined the compliance of the conditions of Corporate Governance by FAG Bearings India Limited for the year ended December 31, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement or Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

We state that in respect of investor grievances received during the year ended December 31, 2015, no investor grievances are pending against the Company, as per the records maintained by the Company and presented to the Stakeholders' Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Suresh Kumar Kabra
Company Secretary
Partner
Samdani Kabra & Asso.
Company Secretaries
ACS No. - 9711
CP No. - 9927

Vadodara: February 12, 2016

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

(Annexure C to the Directors' Report)

A CONSERVATION OF ENERGY

Comprehensive approach towards energy conservation has been adopted during the year 2015 with best available solutions globally. At the same time, keeping in line with the trend of power factor at near unity, the following steps were taken:

- Avoiding water cooling to save water consumption in compressors and cooling towers, replacing old technology of centralised AC system with VRF based Air Cooled centralised systems;
- Reduction in utilisation of compressed air by which we achieved a substantial conservation of energy, regaining of used oil from grinding dust by installing sludge compression system, resulting in conservation of natural resources, and
- Installation of Huge Automatic air cleaners to maintain hygienic level of air within the working area.

1. **The steps taken / impact on conservation of energy:**
   - Air Cooled VRF based AC with non CFC gases leading to savings in energy consumption.
   - 45 Kw Pumps replaced by 6 Kw Pumps in AC systems for optimising system operations.
   - Use of compressed air replace by Electro Vibrators at ring feeding systems.
   - ETP - Improved the drive system for Aerators of ETP (savings of 3,600 units/month)
   - Washing system - Washing media changed from ISOPAR to EXXOL D 95 leading to savings and reduction in safety hazard.
   - Additional 11KV transformer installed to reduce full load losses and for operating the transformers at optimum efficiency.
   - Roof painted for UV heat reflection to reduce indoor temperature leading to reduction in energy usage in AC systems.
   - Overall total demand slab reduced with MGVCL by 15% by improving utilisation of energy.
   - Higher KW pumps replaced by lower KW pumps by optimising pressure & flow on line in supply systems.
   - Convert washing media MTO to ISOPAR reduction of risk of fire.
   - Demagnetizer coil converted in pulse setting to avoid continuous working of coil.
   - 50% reduction in consumption of nitrogen by using alternate technology furnace to improve productivity and energy consumption in heat treatment area.
   - Minimise environment impact by recycling grinding dust to reuse by end users.
2. **The steps taken by the Company for utilising Alternate Sources of Energy:**

   In continuation of the steps taken last year, we expanded use of natural resources of solar power in lighting. Also, alternative material used in place of consumable paper rolls for Filtration system. Alternative source of water resources was tapped by optimisation of rain water harvesting.
   - Filtration media recyclable plastic family band filter installed in place of paper filter and support environment friendly drive in utilities.
   - Rainwater Harvesting system optimization by ground water level improved.
   - Reduction in freshwater consumption of 13% by optimising current resources of recycling.
3. **The capital investment on energy conservation equipment:**

   Keeping in mind future plans for a long term energy conservation challenges, this year we invested in many areas of energy conservation and environment preservation;
   - Separation of ETP and STP line
   - Drain cleaning equipment
   - RO/DM Water plant upgradation
   - Oil skimmer at ETP plant
   - Power Transformer 11000/440V-2000KVA
   - Servo Controlled voltage stabilizer 300 KVA
   - 5 nos. LT panel for stabilizer protection installed oil Skimmer/Floating sludge pusher to gain oil from fumes.

B TECHNOLOGY ADAPTATION

- FAG India has been successful in adoption of world class grinding technology for precision bearings and bearing component manufacturing, developing a series of super finishing machines and world class assembly equipment.
- New development is focused for industrial applications in bearing technology.
- FAG India invested in latest super finishing DGBB machines and in the most modern & fully automatic CRB Grinding and Assembly line.
- Assessment of existing machine and technology made us stronger in making further improvements in our products.
- Keeping productivity and quality in focus, all resources aim together for using right technology at right place and developing necessary human asset accordingly.
- Key investments are planned to expand the capacity with latest technology in DGBB.

- CRB and Wheel bearings which will further enhance our edge of competitiveness.
- With all these initiatives we are equipped with necessary information for next level of quality achievement. With focus on our component manufacturing area, we are also investing in world class Roller manufacturing facility to cater to the customers' requirements.
- As a complete solution provider, we have successfully invested in a world class Wheel Hub Bearing manufacturing plant which caters to the automotive segment.

C FOREIGN EXCHANGE EARNING AND OUTGO

(₹ in million)

Particulars	31.12.2015	31.12.2014
Earning:		
Earning in foreign exchange		
Service Income	9.4	–
FOB value of exports	2,973.0	2,922.5
Other	14.3	11.8
Total foreign exchange earned	**2,996.7**	**2,934.3**
Outgo:		
Imports CIF value of Raw materials, Components, Products purchased for Sale, Stores & Spares, Capital goods & intangible assets	6,095.9	5,836.3
Expenditure in foreign currency Interest on foreign currency loans, Fees for use of Technology, interest on foreign suppliers credit, Professional fees and other expenses	415.1	394.3
Dividend paid to Shareholders (net of tax)	64.0	51.2
Total foreign exchange used	**6,575.0**	**6,281.8**

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

RELATED PARTY TRANSACTIONS - Form AOC-2

(Annexure D to the Directors' Report)

(Pursuant to Section 134 (3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(A) Details of contracts or arrangements or transactions not at arm's length basis: Nil

(B) Details of contracts or arrangements or transactions at arm's length basis:

Name(s) of related party & nature of relationship	Schaeffler Technologies AG & Co. KG, Germany Associate Company
Nature of contracts / arrangements / transactions	Sale, Purchase or Supply of Goods, Material & Services. The Description of the transactions is part of Notes to Company's Annual Financial Statements-2015.
Duration of contracts / arrangements / transactions	Ongoing
Salient terms of the contracts / arrangements / transactions including the value, if any	As per transfer pricing guidelines
Date(s) of approval by the Board	The Transactions were also approved in the Meeting of Audit Committee and Board of Directors held on February 11, 2015. These transactions being 'Material' Related Party Transactions were also approved by the Shareholders in their 52nd Annual General Meeting held on April 24, 2015.
Amount paid as advance, if any	–

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

CSR REPORT

(Annexure E to the Directors' Report)

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(I) FAG's CSR Policy

At FAG, we believe that science and technology are synonymous with economic and human development as both aim to drive progress, improve standard of living while preserving environment and supporting sustainability.

As a part of Schaeffler Group and leading manufacturer of roller bearings in the country, we find numerous opportunities to contribute to human progress through our innovative technologies and thus touch lives of people. At the same time, being an Indian Company, we are equally motivated by Indian ethos of Dharma as a key plank for organisational self-realisation. We constantly strive to contribute in our humble way to the motto **'सर्वे भवन्तु सुखिनः'** - (May everyone be happy) and take up the cause of welfare amongst communities in which we operate.

Delineating our responsibility as a corporate citizen, we at FAG are committed to operate our business in an economically, socially & environmentally sustainable manner. At the same time, we endeavour to reach out to different sections of the society, with socially relevant projects that benefit these communities and in small ways enhance the quality of their lives. These initiatives are independent of the normal conduct of FAG's business. Programmes, projects and activities (collectively 'CSR Programmes') as framed within the purview of Schedule VII of the Companies Act, 2013 as amended from time to time and are the subject matter of this Policy.

The Company's CSR Policy is made available at below link;

http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/codes_policies/Policy_on_Corporate_Social_Responsibility.pdf

We believe that our corporate strategy is inspired by the opportunity to contribute to a more secure and sustainable future.

Objectives

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have the capacity to create a positive impact on the lives of especially the weaker and marginalised sections. By contributing to development of health, science and culture, we wish to further all-round progress.

With a view to extending the reach of our CSR initiatives and leverage collective expertise, we also encourage partnerships with like-minded stakeholders.

Our Policy lays a framework to identify and implement different CSR initiatives of the Company within the context of policy and in alignment with relevant provisions of the Companies Act, 2013 while following high standards of corporate governance. The CSR Committee of the Board of FAG Bearings India Limited reviews, improves, directs and monitors effective implementation of this Policy.

(II) CSR COMMITTEE

The Committee comprises following members;

Sr. No.	Name of the Directors	Acting in the Committee as	Category
1	Mr. Rakesh Jinsi	Chairman	Non-executive & Independent
2	Mrs. Renu Challu	Member	Non-executive & Independent
3	Mr. Rajendra Anandpara	Member	Managing Director

(III) CSR BUDGET - 2015

An amount of ₹ 43.4 million comprising 2% of the Company's average net profit has been budgeted for spending in year 2015.

(IV) CSR EXPENDITURE - 2015

(a) Amount spent: ₹ 30.7 million

CSR Programmes that are truly beneficial to the society in the long run, support livelihood and infuse sense of pride in living (especially within the underprivileged sections of the society), have been the focus of CSR initiatives. The project-wise details are attached under annexure to this Report.

This year the Company has worked upon assessment of the needs of relevant segment of society conducted various surveys and created perceptible infrastructure that ensures effective monitoring mechanism of CSR Programmes.

The Company has identified various projects. Some of these have progressed well, while others are ongoing and at the stage of conceptualisation and initialisation.

SUMMARY OF THE PROJECTS

1. **Hostel for Differently Abled Girls**

Need: Mook Dhwani, a well-known NGO trust is running a school for differently abled (deaf & dumb) students. The school did not have a separate building for girls and this

CSR REPORT

(Annexure E to the Directors' Report)

factor discouraged girl students from pursuing high school education in this school.

Project: The Company therefore constructed a separate hostel building for girls. This hostel has capacity of 30 beds with all quality infrastructure and amenities for healthy and inspired living. The Project has been recognised and awarded by the Vadodara District CSR cell as one of the best infrastructure projects.

Impact: Fulfilled need for good hostel at the campus and gave the girls a healthy living environment. This will boost the girls' education, will reduce dropout rate and in a small way contribute to empowerment.

2. **Maintenance of Hostel for Differently Abled Girls**

   Need: It is often experienced that a well-constructed infrastructure loses its initial quality due to lack of good maintenance practices. The newly built Girl's Hostel at Mook Dhwani is required to be maintained well in order to extend benefits year after year.

   Project: The Company undertook responsibility for maintenance of the hostel for initial years. Professional maintenance contracts are in place for upkeep of infrastructure facilities. Facilities are upgraded based on needs from time to time.

   Impact: Quality of infrastructure is maintained and improved, Students learn good practices.

3. **Special Education: Skill for Employability**

   Need: During interaction with students, teachers and administrators, we learnt that differently abled students struggle to find a suitable career after schooling.

   Project: We connected with current and ex-students of Mook Dhwani School and encouraged them to take up customised training courses. These courses will impart occupational skills to students and will improve their career prospects. Some of the courses where students are trained include: (a) Beauty and Wellness (b) Computer Hardware maintenance (c) Computer Animation

   Above courses are provided with the help of school administration and best-in-class training institutes

   Impact: Differently abled students will feel more confident in pursuing professional careers, supported by professional qualification consistent with their aptitude

4. **Healthcare: Mobi-Health Unit-Savli**

   Need: Our survey indicated that basic health support to and health awareness in people living in rural areas around our Savli plant was lacking. Initiatives currently running are inadequate in terms of quality, reach and consistency.

   Project: We took up a Project to provide basic healthcare support while improving health awareness. Specially designed Mobile Health Unit provides preventive and curative health care services in 25 villages surrounding our Savli plant covering a rural population of 80,000. Well qualified doctors and counsellors focus on prevention of diseases. Through programmes like Bhawai, we enhance health awareness. Health Camps are organised regularly. We have engaged 'Deepak Foundation' a well known NGO in Gujarat, to run the project.

   Impact: Mobi-Health is well accepted by people in villages. By regularly connecting with communities, we hope to contribute to prevention of disease in rural areas.

5. **Preservation of Culture and Heritage**

   Need: City of Vadodara and State of Gujarat have a rich culture and heritage. Unfortunately, the young and new generation is not well informed about this.

   Project: Initially, we ran a pilot project in which we took students of municipal schools to Lakshmi Vilas Palace - an architectural milestone and heritage monument in the city of Vadodara. This guided tour provided excellent understanding to students about heritage of Vadodara, progressive outlook of Gaekwads - the royal family of Vadodara. The students were informed, in an interesting manner, about richness of architecture and fine arts at different places of Vadodara. So far students of municipal school have benefited from these tours.

   We have recently invested in a uniquely designed travel coach 'Quest on Wheels'. Our objective is to increase awareness about rich Indian culture among young children by providing an interesting experience through well planned tours. We plan to include more destinations in our schedule.

   The Royal family of Vadodara has been very supportive of this initiative.

   Impact: Students have found these tours very interesting as they learn a lot during the tours.

6. **Healthcare: Mobi-Health unit - Sindhrot**

   Success of Mobi-Health project in villages around Savli encouraged us to provide similar support to people living in 23 villages surrounding Sindhrot & Padra.

7. **Construction of School - Lamdapura**

   A Project to construct a new school building in Lamdapura village near our Savli plant is under initial phase of implementation.

8. **Jagriti**

   This Project, aimed towards improving menstrual care and hygiene practices among women in rural area, is under initial stage of implementation.

   In each of above initiative our aim is to create positive and lasting impact on communities around us by taking up innovative projects that are scalable and sustainable. We collaborate with NGOs and experts who have domain expertise. Consistent with our core values, we emphasise on high quality in all our Projects, constantly raise the bar, get our teams involved at every stage of implementation, with the sole objective of bringing more smiles on faces of communities around us.

A video showing impact of some of these Projects is available on the Company website.

(Annexure E to the Directors' Report)

Manner of spending

Sr. No.	CSR Project/ Activity Identified	Sector in which the Sub category	Projects/Programs 1. Local Area/Other 2. Specify the State & District where project/program was implemented	Amount Outlay (Budget) wise (TINR)	Amount spent on the project / program		Cumulative expenditure upto the (from project start up)	Amount spent: Direct/ Through implementation agency
					Direct expenditure on projects in 2015 (TINR)	Overheads		
1	Construction of Hostel for differently-abled girl students	Special Education	Mook Dhwani Trust, Vadodara	9,900	10,013	500	13,963	Direct Implementation
2	Maintenance of Mook Dhwani Girls Hostel	Special Education	Mook Dhwani Trust, Vadodara	1,000	0	0	0	Direct Implementation
3	Promoting livelihood for differently-abled	Skill Training & Development	Mook Dhwani Trust, Vadodara	1,500	879	50	879	a.Arena Animation Institute, b. CMS IT Training Institute, c. IL&FS Skills
4	Construction of Secondary School & providing holistic quality educational support	Education	Lamdapura Village surrounding Savli Plant, Dist. Vadodara	10,000	636	200	1,773	Direct Implementation
5	Providing preventive & curative health services through Mobi-Health Unit	Health	25 villages surrounding Savli Plant, Dist. Vadodara	5,500	6,209	300	7,856	Deepak Foundation
6	Inculcating best menstrual hygiene & health practices among rural women	Health	26 villages surrounding Savli Plant, Dist. Vadodara	2,000	0	70	0	Vatsalya Foundation
7	Providing preventive & curative health services through Mobi-Health Unit	Health	23 villages surrounding Sindhrot, Padra block, Dist. Vadodara	5,000	3,202	180	3,202	Deepak Foundation
8	Heritage Tours for the students of Government schools	Heritage, Art & Culture	Government Schools surrounding Maneja, Vadodara	8,500	8,246	200	8,516	Direct Implementation
	Total			**43,400**	**29,185**	**1,500**	**36,189**	

(b) Amount unspent: ₹ 12.7 million

Justification: The Company followed a systematic approach towards implementation of its CSR initiatives. Focus areas have been clearly identified. Projects have been selected based on extensive need-impact study. Implementation partners have been selected upon careful evaluation. In all these endeavours, we have emphasised on high level of quality, excellence and innovation at every stage of conceptualisation and implementation. This required time and hence some delay with consequent shortfall in the amount spent vis a vis target.

The Projects selected are scalable and sustainable. The Project implementation should therefore be evaluated only from medium term view of cost and benefits.

We have earmarked the budget for respective Projects and the allocated amount will be spent on those Projects to ensure effective implementation and sustenance there of.

The Committee confirms that the implementation and monitoring of the CSR Policy is in accordance with the CSR objectives and Policy of the Company.

For FAG Bearings India Limited

Rakesh Jinsi
Chairman of CSR Committee
(Din: 00182187)

Rajendra Anandpara
Managing Director
(Din: 02461259)

Mumbai: February 12, 2016

PARTICULARS OF EMPLOYEES

(Annexure F to the Directors' Report)

(Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

1 The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015 and Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2015:

Sr. No.	Name of Director	Designation	Remuneration (paid/payable) in 2015 (₹ in million)	Ratio of Directors Remuneration to Median Remuneration	% of increase in Remuneration in Financial Year 2015
I	**Executive Director**				
1	Mr. Rajendra Anandpara	Managing Director	11.6	15.26	35
II	**Non-executive Directors**				
2	Mr. Avinash Gandhi	Chairman & Non-executive Director	1.47	1.93	5.8
3	Dr. Sanak Mishra	Independent & Non-executive Director	1.15	1.51	–
4	Mrs. Renu Challu	Independent & Non-executive Director	1.15	1.51	–
5	Mr. Rakesh Jinsi	Independent & Non-executive Director	1.14	1.50	–
6	Mr. R. Sampath Kumar	Non-independent & Non-executive Director	0.94	1.24	–
7	Mr. Klaus Rosenfeld	Non-independent & Non-executive Director	–	–	–
8	Mr. Dietmar Heinrich	Non-independent & Non-executive Director	–	–	–
9	Mr. Frank Huber	Non-independent & Non-executive Director	–	–	–
III	**Key Managerial Personnel**				
10	Mr. Satish Patel	Chief Financial Officer	8.0	NA	10
11	Mr. Raj Sarraf	Company Secretary	2.5	NA	15

Notes: 1 Remuneration paid, to the Non-executive Directors (Except foreign Directors) includes Sitting fees paid during the year 2015 and 'profit related commission, payable to them for 2015 subject to approval of the Shareholders in their 53rd Annual General Meeting scheduled on April 27, 2016.

2 Dr. Sanak Mishra and Mrs. Renu Challu had joined the Board w.e.f. November 6, 2014 and were paid sitting fee only for that meeting in 2014.

3 Mr. R. Sampath Kumar is paid fees for legal services rendered by him in professional capacity, therefore this payment is not considered as a part of his remuneration.

2 The percentage increase in the median remuneration of employees in the financial year:

The median remuneration of employees of the Company was increased by 1.54% during 2015. (from ₹ 0.75 to 0.76 million per annum)

3 The number of permanent employees on the rolls of Company as on December 31, 2015 was 1,560

4 The Relationship between average increase in remuneration and Company performance:

As per the remuneration policy of your Company, employees are compensated on the basis of performance and potential needed for achieving competitive advantage in the business. The compensation structure has been built by regular benchmarking over the years with relevant players across the industry in which your Company operates in. The increases in 2015 were in line with your Company's performance as well as per Company's market competitiveness.

5 Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Internally, performance ratings of all employees (staff) are always spread across a normal distribution curve. The rating given to an employee is used as an input to determine his variable and merit pay increases. Variable and Merit pay increases are calculated using a combination of individual performance and Company performance.

(Annexure F to the Directors' Report)

6 Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	December 31, 2015	December 31, 2014	% Change
Market Capitalisation* (₹ in million)	72,901.63	59,325.32	22.88
Price Earning Ratio	36.92	38.81	(4.87)

* For computation of Market Capitalisation & PE Ratio, we have considered BSE closing share price as on December 31 of respective years.

7 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Internally, performance ratings of all employees are always spread across a normal distribution curve. The rating obtained by an employee is used as an input to determine his variable and merit pay increases. Variable and merit pay increases are calculated using a combination of individual performance and Company performance.

There are no exceptional circumstances for increase in managerial remuneration.

8 Comparison of remuneration of the Key Managerial Personnel against the performance of the Company:

The compensation for the Key Managerial Personnels, Senior Management and Employees (Staff) of the Company is guided by the external competitiveness and internal parity through benchmarking surveys.

9 Key parameters for any variable component of remuneration availed by the Directors:

The key parameters for any variable component of remuneration availed by the Executive & Non-executive Directors are considered by the Board of Directors based on the recommendations of Nomination & Remuneration committee as per the Remuneration policy for Directors, Key Managerial Personnels, Senior Management Team and other Employees.

10 Ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

No Employee of the Company has been paid salary in excess of any Managing / Whole-time Director of the Company.

11 Affirmation that the remuneration is as per the remuneration policy of the Company:

We affirm that remuneration paid to the Emplyoees & Directors is as per the remuneration policy of the Company.

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

EXTRACT OF ANNUAL RETURN - Form no. MGT 9

As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

1 REGISTRATION AND OTHER DETAILS

CIN	L29130MH1962PLC012340
Registration Date	April 27, 1962
Name of the Company	FAG Bearings India Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and Contact Details	8th Floor, Nariman Bhavan, 227, Backbay Reclamation, Nariman Point, Mumbai- 400 021, Maharashtra, India Tel: 022 66814444 to 66814499 Fax: 022-22027022 Website: www.schaeffler.co.in
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Share Transfer Agent	Link Intime India Private Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara- 390 020, Gujarat, India Tel: 0265-2356573, 2356794 Fax: 0265-2356791 E-mail: vadodara@linkintime.co.in Website: www.linkintime.co.in

2 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
Ball & Roller Bearings & Related Components	2814	99.2%

3 PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
FAG Kugelfischer GmbH Georg - Schefer - Strasse 30 , 97421 - Schweinfurt, Germany	–	Holding	51.33%	2(46)

As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

4 SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	–	–	–	–	–	–	–	–	–
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	8,529,183	–	8,529,183	51.33	8,529,183	–	8,529,183	51.33	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	**8,529,183**	–	**8,529,183**	**51.33**	**8,529,183**	–	**8,529,183**	**51.33**	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**8,529,183**	–	**8,529,183**	**51.33**	**8,529,183**	–	**8,529,183**	**51.33**	–
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	2,858,071	800	2,858,871	17.20	4,262,277	800	4,263,077	25.65	8.45
b) Banks / FI	993	1,040	2,033	0.01	1,850	1,090	2,940	0.02	0.01
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	174,444	50	174,494	1.05	174,444	–	174,444	1.05	–
g) Foreign Institutional Investors (FIIs)	705,489	–	705,489	4.25	662,662	–	662,662	3.99	(0.26)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)				–					
Qualified Foreign Investor - Corporate	–	–	–	–	–	–	–	–	–
Trust	110	–	110	0.00	293	–	293	–	–
Foreign Financial Institutions	–	3,360	3,360	0.02	–	3,360	3,360	0.02	–
Sub-total (B)(1)	**3,739,107**	**5,250**	**3,744,357**	**22.53**	**5,101,526**	**5,250**	**5,106,776**	**30.73**	**8.20**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	1,210,335	4,676	1,215,011	7.31	1,301,032	4,676	1,305,708	7.86	0.55
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,036,879	210,739	1,247,618	7.51	1,033,196	196,417	1,229,613	7.40	(0.11)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	262,042	–	262,042	1.58	225,717	–	225,717	1.36	(0.22)
c) Others (specify)									
Clearing Member	6,617	–	6,617	0.04	6,400	–	6,400	0.04	–
Non Resident Individuals (Repatriable)	24,519	–	24,519	0.15	25,759	–	25,759	0.16	0.01

Continued...

EXTRACT OF ANNUAL RETURN - Form no. MGT 9

As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

...Continued

(i) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Non Resident Individuals (Non - Repatriable)	42,820	–	42,820	0.26	42,119	–	42,119	0.25	–
Foreign Portfolio Investor	1,545,103	–	1,545,103	9.30	145,995	–	145,995	0.88	(8.42)
HUF	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	**4,128,315**	**215,415**	**4,343,730**	**26.14**	**2,780,218**	**201,093**	**2,981,311**	**17.94**	**(8.20)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**7,867,422**	**220,665**	**8,088,087**	**48.67**	**7,881,744**	**2,06,343**	**8,088,087**	**48.67**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**16,396,605**	**220,665**	**16,617,270**	**100.00**	**16,410,927**	**206,343**	**16,617,270**	**100.00**	–

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
FAG Kugelfischer GmbH	8,529,183	51.33%	–	8,529,183	51.33%	–	–

(iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	8,529,183	51.33%	8,529,183	51.33%
Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
At the end of the year	8,529,183	51.33%	8,529,183	51.33%

(iv) Shareholding Pattern of Top Ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholder	Period	Increase/ (Decrease)	Shareholding at the beginning of the year		Increase/ (Decrease) in No. of shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	ACACIA Partners, LP*	**At the beginning of the year Jan. 01, 2015**		**602,688**	**3.63**			
		04-09-2015 to 11-09-2015	Decrease/Sale			(85,000)	517,688	3.12
		11-09-2015 to 18-09-2015	Decrease/Sale			(23,500)	494,188	2.97
		25-09-2015 to 30-09-2015	Decrease/Sale			(18,502)	475,686	2.86
		30-09-2015 to 09-10-2015	Decrease/Sale			(27,686)	448,000	2.70
		16-10-2015 to 23-10-2015	Decrease/Sale			(28,509)	419,491	2.52
		23-10-2015 to 30-10-2015	Decrease/Sale			(11,123)	408,368	2.46
		30-10-2015 to 06-11-2015	Decrease/Sale			(374,000)	34,368	0.21
		06-11-2015 to 13-11-2015	Decrease/Sale			(34,368)	0	0.00
		At the end of the year Dec. 31, 2015					**0**	**0.00**

Continued...

As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

...Continued

(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholder	Period	Increase/ (Decrease)	Shareholding at the Beginning of the year		Increase/ (Decrease) in No. of shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
2	ACACIA Institutional Partners, LP*	**At the beginning of the year Jan. 01, 2015**		**517,959**	**3.12**			
		30-09-2015 to 09-10-2015	Decrease/Sale			(14,314)	503,645	3.03
		09-10-2015 to 16-10-2015	Decrease/Sale			(111,645)	392,000	2.36
		30-10-2015 to 06-11-2015	Decrease/Sale			(312,000)	80,000	0.48
		06-11-2015 to 13-11-2015	Decrease/Sale			(80,000)	–	–
		At the end of the year Dec. 31, 2015					**0**	**0.00**
3	Sundaram Mutual Fund A/c Sundaram Select Midcap*#	**At the beginning of the year Jan. 01, 2015**		**499,657**	**3.01**			
		27-02-2015 to 06-03-2015	Decrease/Sale			(1,671)	497,986	3.00
		13-03-2015 to 20-03-2015	Decrease/Sale			(986)	497,000	2.99
		03-04-2015 to 10-04-2015	Decrease/Sale			(352)	496,648	2.99
		01-05-2015 to 08-05-2015	Decrease/Sale			(23,248)	473,400	2.85
		08-05-2015 to 15-05-2015	Decrease/Sale			(12)	473,388	2.85
		15-05-2015 to 22-05-2015	Decrease/Sale			(33,388)	440,000	2.65
		22-05-2015 to 29-05-2015	Decrease/Sale			(5,000)	435,000	2.62
		03-07-2015 to 10-07-2015	Decrease/Sale			(196)	434,804	2.62
		10-07-2015 to 17-07-2015	Decrease/Sale			(886)	433,918	2.61
		17-07-2015 to 24-07-2015	Decrease/Sale			(12,960)	420,958	2.53
		24-07-2015 to 31-07-2015	Decrease/Sale			(211)	420,747	2.53
		31-07-2015 to 07-08-2015	Decrease/Sale			(10,911)	409,836	2.47
		07-08-2015 to 14-08-2015	Decrease/Sale			(836)	409,000	2.46
		13-11-2015 to 20-11-2015	Decrease/Sale			(23)	408,977	2.46
		20-11-2015 to 27-11-2015	Decrease/Sale			(124)	408,853	2.46
		At the end of the year Dec. 31, 2015					**408,853**	**2.46**
4	IDFC Premier Equity Fund*#	**At the beginning of the year Jan. 01, 2015**		**461,217**	**2.78**			
		06-02-2015 to 13-02-2015	Increase/Purchase			32,946	494,163	2.97
		20-02-2015 to 27-02-2015	Increase/Purchase			5,000	499,163	3.00
		19-06-2015 to 26-06-2015	Decrease/Sale			(4,700)	494,463	2.98
		30-06-2015 to 03-07-2015	Decrease/Sale			(5,600)	488,863	2.94
		At the end of the year Dec. 31, 2015					**488,863**	**2.94**
5	HDFC Trustee Company Ltd.-A/c HDFC MID - CAP Opportunities Fund*#	**At the beginning of the year Jan. 01, 2015**		**358,314**	**2.16**			
		13-03-2015 to 20-03-2015	Decrease/Sale			(10,000)	348,314	2.10
		At the end of the year Dec. 31, 2015					**348,314**	**2.10**
6	ICICI Prudential Life Insurance Company Ltd*#	**At the beginning of the year Jan. 01, 2015**		**299,146**	**1.80**			
		16-01-2015 to 23-01-2015	Decrease/Sale			(563)	298,583	1.80
		30-01-2015 to 06-02-2015	Decrease/Sale			(101)	298,482	1.80
		20-02-2015 to 27-02-2015	Decrease/Sale			(25,142)	273,340	1.64
		13-03-2015 to 20-03-2015	Decrease/Sale			(8,804)	264,536	1.59
		03-07-2015 to 10-07-2015	Decrease/Sale			(14,811)	249,725	1.50
		31-07-2015 to 07-08-2015	Decrease/Sale			(79)	249,646	1.50
		30-09-2015 to 09-10-2015	Decrease/Sale			(122)	249,524	1.50
		30-10-2015 to 06-11-2015	Decrease/Sale			(31)	249,493	1.50
		06-11-2015 to 13-11-2015	Increase/Purchase			20,000	269,493	1.62
		13-11-2015 to 20-11-2015	Increase/Purchase			7,230	276,723	1.67
		27-11-2015 to 04-12-2015	Increase/Purchase			50	276,773	1.67
		04-12-2015 to 11-12-2015	Decrease/Sale			(391)	276,382	1.66
		11-12-2015 to 18-12-2015	Decrease/Sale			(13,135)	263,247	1.58
		18-12-2015 to 25-12-2015	Decrease/Sale			(7,044)	256,203	1.54
		At the end of the year Dec. 31, 2015					**256,203**	**1.54**
7	Franklin Templeton Mutual fund A/c	**At the beginning of the year Jan. 01, 2015**		**224,114**	**1.35**			
		09-01-2015 to 16-01-2015	Increase/Purchase			4,751	228,865	1.38
		06-11-2015 to 13-11-2015	Increase/Purchase			37,500	266,365	1.60

Continued...

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As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

...Continued

(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholder	Period	Increase/ (Decrease)	Shareholding at the beginning of the year		Increase/ (Decrease) in No. of shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
	Franklin India Prima Fund*#	13-11-2015 to 20-11-2015	Increase/Purchase			9,375	275,740	1.66
		At the end of the year Dec. 31, 2015					**275,740**	**1.66**
8	Shree Capital Services Limited*#	**At the beginning of the year Jan. 01, 2015**		**212,470**	**1.28**			
		No Change					–	–
		At the end of the year Dec. 31, 2015					**212,470**	**1.28**
9	ACACIA Banyan Partners*	**At the beginning of the year Jan. 01, 2015**		**190,276**	**1.15**			
		30-10 -2015 to 06-11-2015	Decrease/Sale			(190,276)	–	–
		At the end of the year Dec. 31, 2015					**0.00**	**0.00**
10	ACACIA Conservation Fund LP*	**At the beginning of the year Jan. 01, 2015**		**181,106**	**1.09**			
		30-10-2015 to 06-11-2015	Decrease/Sale			(181,106)	–	–
		At the end of the year Dec. 31, 2015					**0.00**	**0.00**
11	HDFC Standard Life Insurance Company Limited#	**At the beginning of the year Jan. 01, 2015**		**156,863**	**0.94**			
		30-01-2015 to 06-02-2015	Increase/Purchase			2,978	159,841	0.96
		06-03-2015 to 13-03-2015	Increase/Purchase			30,000	189,841	1.14
		13-03-2015 to 20-03-2015	Increase/Purchase			11,652	201,493	1.21
		20-03-2015 to 27-03-2015	Increase/Purchase			5,167	206,660	1.24
		27-03-2015 to 31-03-2015	Increase/Purchase			500	207,160	1.25
		01-05-2015 to 08-05-2015	Increase/Purchase			13,341	220,501	1.33
		15-05-2015 to 22-05-2015	Increase/Purchase			15,000	235,501	1.42
		05-06-2015 to 12-06-2015	Increase/Purchase			306	235,807	1.42
		12-06-2015 to 19-06-2015	Increase/Purchase			10,933	246,740	1.48
		30-06-2015 to 03-07-2015	Decrease/Sale			(248)	246,492	1.48
		10-07-2015 to 17-07-2015	Increase/Purchase			16,000	262,492	1.58
		24-07-2015 to 31-07-2015	Increase/Purchase			575	263,067	1.58
		31-07-2015 to 07-08-2015	Increase/Purchase			1,510	264,577	1.59
		07-08-2015 to 14-08-2015	Decrease/Sale			(27)	264,550	1.59
		14-08-2015 to 21-08-2015	Increase/Purchase			21,996	286,546	1.72
		21-08-2015 to 28-08-2015	Decrease/Sale			(13,564)	272,982	1.64
		28-08-2015 to 04-09-2015	Increase/Purchase			2,000	274,982	1.65
		04-09-2015 to 11-09-2015	Increase/Purchase			15,270	290,252	1.75
		11-09-2015 to 18-09-2015	Increase/Purchase			4,848	295,100	1.78
		30-09-2015 to 09-10-2015	Decrease/Sale			(304)	294,796	1.77
		16-10-2015 to 23-10-2015	Increase/Purchase			10,079	304,875	1.83
		23-10-2015 to 30-10-2015	Increase/Purchase			10,682	315,557	1.90
		30-10-2015 to 06-11-2015	Increase/Purchase			2,750	318,307	1.92
		06-11-2015 to 13-11-2015	Increase/Purchase			69,312	387,619	2.33
		13-11-2015 to 20-11-2015	Increase/Purchase			7,500	395,119	2.38
		At the end of the year Dec. 31, 2015					**395,119**	**2.38**
12	Franklin India Smaller Companies Fund#	**At the beginning of the year Jan. 01, 2015**		**113,773**	**0.68**			
		01-05-2015 to 08-05-2015	Increase/Purchase			10,000	123,773	0.74
		28-08-2015 to 04-09-2015	Increase/Purchase			252	124,025	0.75
		04-09-2015 to 11-09-2015	Increase/Purchase			30,861	154,886	0.93
		06-11-2015 to 13-11-2015	Increase/Purchase			25,000	179,886	1.08
		13-11-2015 to 20-11-2015	Increase/Purchase			6,250	186,136	1.12
		At the end of the year December 31, 2015					**186,136**	**1.12**
13	SBI Blue Chip Fund#	**At the beginning of the year Jan. 01, 2015**		**75,172**	**0.45**			
		28-08-2015 to 04-09-2015	Increase/Purchase			50,302	125,474	0.76
		09-10-2015 to 16-10-2015	Increase/Purchase			10,500	135,974	0.82
		06-11-2015 to 13-11-2015	Increase/Purchase			39,500	175,474	1.06
		13-11-2015 to 20-11-2015	Increase/Purchase			12,500	187,974	1.13
		At the end of the year December 31, 2015					**187,974**	**1.13**

Continued...

As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

...Continued

(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholder	Period	Increase/ (Decrease)	Shareholding at the Beginning of the year No. of shares	Shareholding at the Beginning of the year % of total shares of the Company	Increase/ (Decrease) in No. of shares	Cumulative Shareholding during the year No. of shares	Cumulative Shareholding during the year % of total shares of the Company
14	KOTAK Mahindra (UK) Ltd. A/c India Midcap (Mauritius) Ltd.#	**At the beginning of the year Jan. 01, 2015**		**0**	**0.00**			
		06-11-2015 to 13-11-2015	Increase/Purchase			190,000	190,000	1.14
		At the end of the year Dec. 31, 2015					**190,000**	**1.14**

Note: * Shareholder appearing in the list of top 10 at the beginning of 2015 (i.e. as on Jan. 1, 2015)
Shareholder appearing in the list of top 10 at the end of 2015 (i.e. as on Dec. 31, 2015)

(v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors and Key Managerial Personnel	Period	Increase/ (Decrease)	Shareholding at the beginning of the year No. of shares	Shareholding at the beginning of the year % of total shares of the Company	Increase/ (Decrease) in No. of shares	Cumulative Shareholding during the year No. of shares	Cumulative Shareholding during the year % of total shares of the Company
Director							
			Nil				
Key Managerial Personnel							
Mr. Raj Sarraf	**At the beginning of the year Jan. 01, 2015**		1	0.00001			
	–	–	–	–	–	–	–
	At the end of the year December 31, 2015					1	0.00001

5 INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due		Nil		
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition * Reduction		Nil		
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due		Nil		
Total (i+ii+iii)				

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As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration paid to the Managing Director Mr. Rajendra Anandpara	Total Amount	Remark
1)	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	10,587,633	–
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	717,275	–
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	–
2)	Stock Option	–	–
3)	Sweat Equity	–	–
4)	'Commission'	–	–
	- as % of profit	–	–
	- others, specify	–	–
5)	Others, please specify	–	–
Total (A)		**11,304,908**	**–**
Ceiling as per the Companies Act, 2013		**116,740,000**	**5% of Net Profit**

(B) Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Mr. Avinash Gandhi	Mrs. Renu Challu	Dr.Sanak Mishra	Mr. Rakesh Jinsi	Mr. R Sampath Kumar	Total Amount
1)	**Independent Directors**						
	Fee for attending Board/ Committee Meetings	–	450,000	450,000	440,000	–	1,340,000
	Commission	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–
	Total (1)	–	**450,000**	**450,000**	**440,000**	–	**1,340,000**
2)	**Other Non-executive Directors**						
	Fee for attending Board/ Committee Meetings	420,000	–	–	–	240,000	660,000
	Commission	–	–	–	–	–	–
	Others, please specify[c]	–	–	–	–	–	–
	Total (2)	**420,000**	–	–	–	**240,000**	**660,000**
Total (B) = (1) +(2)		**420,000**	**450,000**	**450,000**	**440,000**	**240,000**	**2,000,000**
Total Managerial Remuneration (A+B)							**13,304,908**
Overall Ceiling as per the Companies Act, 2013							**₹ 23,348,000 (1% of the Net Profit)**

Notes: a) Remuneration includes 'Sitting fee' and 'Profit Related Commission' paid during 2015.
b) As per the Remuneration Policy of the Company; Mr. Klaus Rosenfeld, Mr. Dietmar Heinrich and Mr. Frank Huber are not entitled for any remuneration from the Company.
c) ₹ 1,024,975 is paid to Mr. R. Sampath Kumar for Legal services rendered in 2015.

As on Financial Year ended on December 31, 2015
(Annexure G to the Directors' Report)

(C) Remuneration to key managerial personnel other than MD / Manager / WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO / MD	CFO	CS	Total
1)	Gross salary	11,304,908	8,001,802	2,475,457	21,782,167
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	10,587,633	7,616,769	2,416,276	20,620,678
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	717,275	385,033	59,181	1,161,489
	(c) Profits in lieu of salary under Section 17(3)of the Income-Tax Act, 1961	–	–	–	–
2)	Stock Option	–	–	–	–
3)	Sweat Equity	–	–	–	–
4)	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	– others, specify	–	–	–	–
5)	Others, please specify	–	–	–	–
Total		**11,304,908**	**8,001,802**	**2,475,457**	**21,782,167**

7 PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

For and on behalf of the Board

Avinash Gandhi
Chairman
DIN: 00161107

Mumbai: February 12, 2016

SECRETARIAL AUDIT REPORT - Form MR-3

For the Financial Year ended December 31, 2015
(Annexure H to the Directors' Report)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FAG Bearings India Limited
Nariman Bhavan, 8th Floor, 227, Backbay Reclamation,
Nariman Point, Mumbai - 400 021, Maharashtra, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FAG Bearings India Limited (hereinafter referred to as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on December 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on December 31, 2015, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;
ii. The Securities Contracts (Regulations) Act, 1956 (SCRA) and the rules made there under;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
   (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We further report that there were no actions/events in pursuance of the following regulations requiring compliance thereof by the Company during the period of this report:

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- The company has spent ₹ 30.7 million out of ₹ 43.4 million on Corporate Social Responsibility during the Financial Year 2015.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, if any were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines.

We further report that during the audit period, FAG Roller Bearings Private Limited ('FRB' or the Transferor Company) was amalgamated with the Company (Transferee Company). The transferor Company is wholly owned subsidiary of Transferee Company.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
ACS No. - 9711
CP No. - 9927

Vadodara: January 29, 2016

*(This report is to be read with our letter of even date which is annexed as **Appendix A** and forms an integral part of this report.)*

SECRETARIAL AUDIT REPORT - Form MR-3

For the Financial Year ended December 31, 2015
(Annexure H to the Directors' Report)

APPENDIX - A

To,

The Members,

FAG Bearings India Limited
Nariman Bhavan, 8th Floor,
227, Backbay Reclamation,
Nariman Point,
Mumbai - 400 021,
Maharashtra, India.

Our report of even date is to be read along with this letter:

1. Compliance with the Secretarial Standards is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we follow provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations of happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Suresh Kumar Kabra
Partner

Samdani Kabra & Asso.
Company Secretaries
ACS No. - 9711
CP No. - 9927

Vadodara: January 29, 2016

COMPLIANCE CERTIFICATE

To,

The Board of Directors,

This is to certify that;

(a) We have reviewed financial statements and the cash flow statement for the year ended December 31, 2015 and that to the best of our knowledge and belief;

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee;

i) Significant changes in the Internal Control over financial reporting during the year ended December 31, 2015;

ii) Significant changes in accounting polices during the year ended December 31, 2015 and that the same have been disclosed in the notes to the Financial Statements; and

iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over financial reporting.

For FAG Bearings India Limited

Rajendra Anandpara
Managing Director
(DIN: 02461259)

Satish Patel
Chief Financial Officer

January 30, 2016

INDEPENDENT AUDITORS' REPORT

to the Members of FAG Bearings India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of FAG Bearings India Limited ('the Company'), which comprise the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 42 to the financial statements in respect of accounting for forward contracts. The Company has adopted and applied the principles of hedge accounting as set out in Accounting Standard (AS)-30, 'Financial Instruments: Recognition and Measurement' issued by Institute of Chartered Accountants of India to forward contracts in respect of highly probable transactions or firm commitments. Consequently, the Company has recorded ₹ 8.6 million representing marked to market gain in the hedging reserve as at December 31, 2015 (₹ 203 million marked to market loss as at December 31, 2014). Our opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards notified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) On the basis of the written representations received from the Directors as on December 31, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2015, from being appointed as a Director in terms of Section 164(2) of the Act; and
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - refer note 30 to the financial statements.
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 42 to the financial statements.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No. 101248W / W-100022

Vijay Mathur
Partner
Membership No. 046476

Mumbai: February 12, 2016

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

December 31, 2015

With reference to the Annexure referred to in our report of even date, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, a part of the fixed assets were physically verified by the management in the current year and no material discrepancies were noticed on such verification.

(ii) (a) The inventory, except goods-in-transit and stocks lying with certain third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, paragraph (iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of bearings and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax and other material statutory dues were in arrears as at December 31, 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Wealth tax, Excise duty, Customs duty and Value Added Tax, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

Name of the statute	Nature of the dues	Amount (₹ in million)	Period	Forum where the dispute is pending
State and Central Sales Tax Act	Duty and interest	9.9 1.4 0.3	2009-10 2009-10 2006-07	Commissioner Appeals Dy. Commissioner Sales Tax Dy. Commissioner Sales Tax
Central Excise Act, 1944	Duty, interest and penalty	12.4	2003-04, 2004-05, 2006-07, 2007-08	High Court

Continued...

...Continued

Name of the statute	Nature of the dues	Amount (₹ in million)	Period	Forum where the dispute is pending
Central Excise Act, 1944	Duty, interest and penalty	13.1	2003-04, 2004-05, 2006-07, 2007-08, 2009-10	Commissioner Appeals
		0.9	2004-05	Appellate Tribunal
The Income Tax Act, 1961	Tax and interest	94.2	2000-01 to 2010-11	Income Tax - Appellate Tribunal and Commissioner of Income Tax (Appeals)

The above are net of amounts paid under protest for Sales tax ₹ 19.0 and for Income tax ₹ 3,485.4

(c) According to the information and explanations given to us, there has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year or in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Company did not have any term loans outstanding during the year.

(xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No. 101248W / W-100022

Vijay Mathur
Partner
Membership No. 046476

Mumbai: February 12, 2016

BALANCE SHEET

as at December 31, 2015

(₹ in million)

	Note	31.12.2015	31.12.2014
(I) EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	166.2	166.2
Reserves and surplus	3	12,726.2	10,908.7
Non-current liabilities			
Deferred tax liabilities (net)	4	86.8	154.0
Other long term liabilities	5	14.5	15.2
Long-term provisions	6	220.8	329.0
Current liabilities			
Trade payables	7	2,404.8	2,160.6
Other current liabilities	8	690.4	420.0
Short-term provisions	9	244.1	188.2
TOTAL		**16,553.8**	**14,341.9**
(II) ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	10	3,456.4	3,699.4
Intangible fixed assets	10	0.8	3.0
Capital work-in-progress	10	518.8	201.2
Non-current investments	11	–	43.5
Long-term loans and advances	12	1,283.2	999.4
Current assets			
Inventories	13	2,202.5	1,908.9
Trade receivables	14	3,364.4	2,900.5
Cash and bank balances	15	4,704.1	3,294.5
Short-term loans and advances	16	853.1	1,201.9
Other current assets	17	170.5	89.6
TOTAL		**16,553.8**	**14,341.9**
Significant accounting policies	1		
Notes to the financial statements	28-47		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No. 101248W / W-100022

Vijay Mathur
Partner
Membership No. 046476

Mumbai: February 12, 2016

For and on behalf of the Board of Directors of FAG Bearings India Limited

Avinash Gandhi
Chairman

Rajendra Anandpara
Managing Director

Satish Patel
Chief Financial Officer

Raj Sarraf
Company Secretary

Mumbai: February 12, 2016

STATEMENT OF PROFIT AND LOSS

for the year ended December 31, 2015

(₹ in million)

	Note	31.12.2015	31.12.2014
REVENUE FROM OPERATIONS	**18**		
Sale of products (gross)		18,507.7	17,320.6
Less: Excise Duty		1,430.1	1,144.5
Sale of products (net)		17,077.6	16,176.1
Sale of services		63.3	32.7
Other operating revenues		103.4	112.7
Total		**17,244.3**	**16,321.5**
Other income	**19**	**561.6**	**409.5**
Total revenue		**17,805.9**	**16,731.0**
EXPENSES			
Cost of materials consumed	20	6,292.2	6,020.8
Purchases of stock-in-trade	21	3,714.2	3,973.5
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(135.0)	(21.1)
Employee benefits	23	1,317.7	1,379.4
Finance costs	24	21.2	9.7
Depreciation and amortisation	25	655.1	493.5
Other expenses	26	3,002.4	2,551.5
Total expenses		**14,867.8**	**14,407.3**
PROFIT BEFORE TAX		**2,938.1**	**2,323.7**
Tax:			
Current tax		999.3	815.0
Deferred tax credit		(36.0)	(20.1)
PROFIT FOR THE YEAR		**1,974.8**	**1,528.8**
Earnings per equity share [Nominal value of share ₹ 10 each (Previous year: ₹ 10 each)]	27		
Basic		118.84	92.00
Diluted		118.84	92.00
Significant accounting policies	1		
Notes to the financial statements	28-47		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No. 101248W / W-100022

Vijay Mathur
Partner
Membership No. 046476

Mumbai: February 12, 2016

For and on behalf of the Board of Directors of FAG Bearings India Limited

Avinash Gandhi
Chairman

Rajendra Anandpara
Managing Director

Satish Patel
Chief Financial Officer

Raj Sarraf
Company Secretary

Mumbai: February 12, 2016

CASH FLOW STATEMENT

for the year ended December 31, 2015

(₹ in million)

		31.12.2015		31.12.2014	
Cash flows from Operating activities					
Net profit before tax			2,938.1		2,323.7
Adjustments:					
Depreciation and amortisation		655.1		493.5	
Finance costs		21.2		9.7	
Unrealised exchange (gain) / loss (net)		(93.7)		37.6	
Interest income		(488.3)		(349.2)	
(Gain) / loss on fixed assets sold (net)		(0.1)		11.1	
Provision for doubtful debts / advances		4.9		7.9	
Debts / advances written off		2.0		15.5	
Provision for Gratuity / leave encashment (write back) / charge		(9.5)		82.1	
Provision for warranty		6.2		–	
Provision no longer required written back - others		(2.3)		(2.3)	
TDS on other Income		–		(0.3)	
			95.5		305.6
Operating cash flow before changes in working capital			**3,033.6**		**2,629.3**
Increase in trade and other receivables		(315.8)		(21.1)	
Increase in inventories		(221.3)		(203.1)	
Increase / (Decrease) in trade and other payables		447.0		(508.7)	
			(90.1)		(732.9)
Cash generated from operations			**2,943.5**		**1,896.4**
Income tax paid (net of refunds)			(1,124.6)		(722.6)
A	**Net cash generated from Operating activities**		**1,818.9**		**1,173.8**
	Cash flows from Investing activities				
	Purchase and construction of fixed assets (tangible and intangible fixed assets) (see note below)	(577.7)		(405.2)	
	Proceeds from sale of fixed assets	2.3		4.2	
	Purchase of Investment	(125.3)		–	
	(Investment in) / Maturity of fixed deposits (Maturity of more than three months)	(1,870.4)		(1,820.0)	
	Interest received	349.9		266.6	
B	**Net cash used in Investing activities**		**(2,221.2)**		**(1,954.4)**
	Cash flows from Financing activities				
	Finance costs paid	(21.2)		(9.7)	
	Dividends paid on equity shares	(124.3)		(99.5)	
	Tax paid on dividends	(26.1)		(16.9)	
C	**Net cash used in Financing activities**		**(171.6)**		**(126.1)**
	Net (decrease) in cash and cash equivalents (A + B + C)		**(573.9)**		**(906.7)**
	Cash and cash equivalents at the beginning of period (see note below)		1,199.9		2,106.6
	Cash and cash equivalents acquired pursuant to merger (refer note 44)		28.1		–
	Cash and cash equivalents at the end of period (see note below)		654.1		1,199.9
			(573.9)		**(906.7)**

Continued...

for the year ended December 31, 2015

...Continued

(₹ in million)

Notes:

(1) Purchase of fixed assets includes payments for items in capital work in progress and advances of capital nature.

(2) The amalgamation of FAG Roller Bearings Private Limited with the Company is a non cash transaction. (refer note 44)

(3) Cash and Cash equivalents comprise of:

	31.12.2015	31.12.2014
Cheques on hand	120.7	75.0
With scheduled banks on:		
Current accounts [includes Restricted balance of unpaid dividend ₹ 4.3 (Previous year: ₹ 4.0)]	533.4	544.9
Deposit accounts (maturity upto three months)	–	580.0
	654.1	**1,199.9**

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No. 101248W / W-100022

Vijay Mathur
Partner
Membership No. 046476

Mumbai: February 12, 2016

For and on behalf of the Board of Directors of FAG Bearings India Limited

Avinash Gandhi
Chairman

Rajendra Anandpara
Managing Director

Satish Patel
Chief Financial Officer

Raj Sarraf
Company Secretary

Mumbai: February 12, 2016

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, accounting standards issued by Institute of Chartered Accountants of India (ICAI), other accounting principles generally accepted in India and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis except for certain financial instruments which are measured on a fair value basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees million rounded off to one decimal place.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

(B) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities at the date of the financial statements and during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

(C) Fixed Assets and Depreciation

(i) Fixed assets are stated at cost of acquisition or construction (including directly attributable expenses thereto) or at revalued amounts, net of impairment loss if any, less depreciation / amortisation. Cost includes financing costs of borrowed funds attributable to acquisition or construction of qualifying fixed assets, up to the date the assets are put to use. Acquired intangible assets are recorded at its acquisition price and amortised over its estimated useful life as per the Company's depreciation / amortisation policy.

(ii) **Depreciation / Amortisation:**

(a) Tangible assets:

(i) Leasehold land is depreciated over the period of the lease except where the lease is convertible to freehold land under lease agreements at future dates.

(ii) Pursuant to the Schedule II to the Act being applicable to Company with effect from January 1, 2015, depreciation is provided on straight line method and the Company has adopted the useful lives as specified in Part 'C' of Schedule II of the Act (refer note 10).

(iii) Assets individually costing ₹ 5,000 or less are depreciated fully in the year when the assets are put to use.

(b) Intangible assets:

These are amortised on straight line method over a period of three years.

(D) Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on internal / external factors. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, recognised. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of discounted cash flows of projections estimated based on current prices.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(E) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Statement of Profit and Loss. Long-term investments are valued at cost, less any provision for diminution to recognise a decline, other than temporary, in the value of such investments; decline, if any, is charged to the Statement of Profit and Loss. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

(F) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is ascertained on a moving weighted average basis except for goods in transit which is ascertained on a specific identification basis. Work-in-progress and manufactured finished goods are valued on full absorption cost basis and include material, labour and factory overheads.

(G) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency prevailing at the date of transaction.

Conversion

Foreign currency monetary items are reported using the closing rate.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

Derivatives

(i) In case of forward contracts, to which AS-11, "The Effects of Changes in Foreign Exchange Rates" applies, the difference between the forward rate and the exchange rate on the date of the contract is recognised as income or expense over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. The gains / losses arising on settlement / cancellation of the contracts are recognised as income / expense in the Statement of Profit and Loss of the period of such settlement / cancellation.

(ii) The Company enters into forward exchange contracts to cover its exposure in respect of highly probable transactions or firm commitments and no premium or discount is recorded separately on such forward exchange contracts.

(iii) The Company has adopted the principles of hedge accounting set out in Accounting Standard (AS)-30, 'Financial Instruments: Recognition and Measurement' issued by Institute of Chartered Accountants of India with effect from August 1, 2014 for the purpose of accounting of forward contracts entered into by the Company to hedge highly probable transactions on firm commitments which are outside the scope of AS-11. 'The Effects of Changes in Foreign Exchange Rates'. These contracts are marked to market as at the year end and the resultant gain or loss (except relating to the effective portion of cash flow hedges) from these transactions are recognised in the Statement of Profit and Loss. The gain or loss on effective portion of cash flow hedges is recorded in the Hedging Reserve (reported under the head "Reserves and Surplus") which is transferred to the Statement of Profit and Loss in the same period in which the hedged item affects the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in hedging reserve is reclassified in the Statement of Profit and Loss. Also refer note 42.

(H) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of goods is recognised on shipment or dispatch to customers when the risks and rewards of ownership are transferred to the customer. "Sales" are net of sales tax, value added tax, returns, trade discounts and volume rebates.

(ii) Commission income on indenting business is recognised based on intimation received for sales made.

(iii) Dividend income from investments is recognised when the Company's right to receive payment is established.

(iv) Interest income is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) Claims are accounted to the extent lodged with the appropriate authorities. Export incentives are accounted on accrual basis based on shipment.

(vi) Rental Income is accounted for on accrual basis.

(I) Employee Benefits

(i) Short-term employee benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service.

(ii) Post-employment benefits (defined benefit plans):

All employees are covered under Employees' Gratuity Scheme which is a defined benefit plan. The Company contributes to the Fund on the basis of the year-end liability actuarially determined in pursuance of the Scheme. All actuarial gains / losses arising during the accounting year are recognised immediately in the Statement of Profit and Loss as income or expense.

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of certain employees towards Provident Fund to a Company managed PF Trust. The contributions are

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

charged to Statement of Profit and Loss as they accrue. The Company has an obligation to fund any shortfall in the Trust fund as determined on the basis of year-end actuarial valuation.

(iii) Post-employment benefits (defined contribution plans):

All other employees are covered under contributory provident fund benefit of a contribution of 12% of salary and certain allowances. Certain employees are also covered by a Company managed Superannuation fund benefit at a contribution of 15% of salary and certain allowances. Both are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

(iv) Long-term employee benefits:

Long term employee benefits comprise of compensated absences. These are measured on the basis of year-end actuarial valuation in pursuance of the Company's leave rules.

(J) Warranty

Warranty expenses are accounted for based on actual experience of claims received during the last three years.

(K) Income and Deferred Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date the Company reassesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(L) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent diluted equity shares outstanding during the year, except where the results would be antidilutive.

(M) Operating Lease

Lease, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset during the lease term, are classified as operating leases. Operating lease payments and receipts are recognised as an expense and income respectively in the Statement of Profit and Loss on a straight-line basis over the lease term.

(N) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent Assets are not recognised or disclosed in the financial statements.

(O) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash / cheques in hand and short term deposits with Banks.

(₹ in million)

2 SHARE CAPITAL

	31.12.2015	31.12.2014
Authorised		
20,000,000 (Previous year: 20,000,000) equity shares of ₹ 10 each	200.0	200.0
Issued		
16,818,270 (Previous year: 16,818,270) equity shares of ₹ 10 each	168.2	168.2
Subscribed & Paid-up		
16,617,270 (Previous year: 16,617,270) equity shares of ₹ 10 each	166.2	166.2
Total	**166.2**	**166.2**

Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31.12.2015		As at 31.12.2014	
	Number	Amount	Number	Amount
Equity Shares				
Shares outstanding at the beginning and at the end of the year	16,617,270	166.2	16,617,270	166.2

Rights, preferences and restrictions attached to equity shares

(i) The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of shareholders are in proportion to its share of paid up equity capital of the Company.

(ii) On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company.

Shares held by Holding / Ultimate Holding Company and/or their Subsidiaries / Associates

Name of Shareholder	As at 31.12.2015		As at 31.12.2014	
	No. of Shares held	Amount	No. of Shares held	Amount
FAG Kugelfischer GmbH (the Holding Company)	8,529,183	85.29	8,529,183	85.29

Particulars of shareholders Holding more than 5% shares of a class of shares

Name of Shareholder	As at 31.12.2015		As at 31.12.2014	
	No. of Shares held	% of total Shares	No. of Shares held	% of total Shares
FAG Kugelfischer GmbH (the Holding Company)	8,529,183	51.33	8,529,183	51.33

3 RESERVES AND SURPLUS

	31.12.2015	31.12.2014
Capital Reserves		
Opening Balance	–	–
Add: Arising pursuant to scheme of amalgamation (refer note 44)	5.2	–
Closing Balance	**5.2**	**–**
Securities premium account	**200.2**	**200.2**
Revaluation Reserve		
At the commencement of the year	19.8	20.4
Less: Transferred to Surplus (Profit and Loss balance) / Statement of Profit and Loss on account of additional depreciation on revalued assets (refer note 28)	(0.6)	(0.6)
Closing Balance	**19.2**	**19.8**
General Reserve		
At the commencement of the year	3,418.4	3,018.4
Add: Transfer from surplus	400.0	400.0
Closing Balance	**3,818.4**	**3,418.4**

Continued...

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

...Continued

(₹ in million)

	31.12.2015	31.12.2014
Hedging Reserves (refer note 42)		
At the commencement of the year	(203.0)	–
Net transfer during the year	211.6	(203.0)
Closing Balance	**8.6**	(203.0)
Surplus (Profit and Loss balance)		
At the commencement of the year	7,473.3	6,490.3
Add: net profit for the current year	1,974.8	1,528.8
Add: Amount transferred on account of depreciation on revalued assets from revaluation reserve	0.6	–
Less: Adjustment for depreciation (net of deferred tax ₹ 31.2 million) (refer note 10)	58.8	–
Less: Amount transferred pursuant to the scheme of amalgamation (refer note 44)	109.4	–
Appropriations:		
Less: proposed dividend	166.2	124.6
Less: tax on proposed dividend	39.7	21.2
Less: transferred to general reserve	400.0	400.0
Closing Balance	**8,674.6**	**7,473.3**
Total	**12,726.2**	**10,908.7**

4 DEFERRED TAX LIABILITIES (NET)

	31.12.2015	31.12.2014
Deferred tax liabilities		
Excess of depreciation / amortisation on fixed assets under Income-tax law over depreciation / amortisation provided in accounts	184.1	251.0
Others	–	0.2
	184.1	**251.2**
Deferred tax assets		
Provision for employee benefits	84.6	83.1
Provision for expenses	6.0	9.2
Provision for doubtful trade receivables	6.7	4.9
	97.3	**97.2**
Total	**86.8**	**154.0**

5 OTHER LONG-TERM LIABILITIES

	31.12.2015	31.12.2014
Security deposits from customers and vendors	14.5	15.2
Total	**14.5**	**15.2**

6 LONG-TERM PROVISIONS

	31.12.2015	31.12.2014
Provision for employee benefits		
Gratuity	16.6	19.5
Leave encashment	189.1	191.9
Other provisions		
Provision for tax and other statutory matters (being litigated)*	10.5	52.0
Provision for corporate tax (net of advance tax)	4.6	65.6
Total	**220.8**	**329.0**

* The provisions are made for ongoing litigation on tax and regulatory matters, the liabilities for which will be ascertained on conclusion of the respective assessments.

Additional disclosures relating to certain provisions (as per AS-29)

	31.12.2015	31.12.2014
Provision for tax and other statutory matters (being litigated)		
At the commencement of the year	52.0	50.0
Provision made during the year	3.6	2.0
Provision utilised during the year	(45.1)	–
At the end of the year	**10.5**	**52.0**

(₹ in million)

7 TRADE PAYABLES

	31.12.2015	31.12.2014
Trade payables		
Total outstanding dues to micro and small enterprise and (refer note 45)	–	–
Total outstanding dues of creditors other than micro and small enterprise	2,404.8	2,160.6
Total	**2,404.8**	**2,160.6**

8 OTHER CURRENT LIABILITIES

	31.12.2015	31.12.2014
Employee liabilities		
- Personnel cost	54.4	48.0
- Contribution to provident fund	4.5	3.9
Accrued expenses	120.4	100.2
Creditors for capital goods	193.7	54.4
Advances from customers / dealers	98.8	81.2
Unclaimed dividends*	4.3	4.0
Service tax payable	4.5	2.2
Excise duty payable	50.9	11.9
TDS payable	13.9	11.5
Other statutory dues	39.2	42.0
Other payables	105.8	60.7
Total	**690.4**	**420.0**

* The figures reflect the position as at the year end. The actual amount to be transferred to Investor Education and Protection Fund in this respect shall be determined on the due dates.

9 SHORT-TERM PROVISIONS

	31.12.2015	31.12.2014
Provision for employee benefits		
Current portion of leave encashment	35.8	39.6
Other provisions		
Provision for proposed dividend	166.2	124.6
Provision for tax on proposed dividend	34.8	21.2
Provision for wealth tax	0.3	0.3
Provision for warranties*	7.0	2.5
Total	**244.1**	**188.2**

* The provision for warranty is on account of warranties given on products sold by the Company, which usually carry a warranty period of 12 months from the date of sale. The provision is determined based on the historical data.

Additional disclosures relating to certain provisions (as per AS-29)

	31.12.2015	31.12.2014
Warranties		
At the commencement of the year	2.5	2.5
Provision made during the year	6.2	1.8
Provision utilised during the year	(1.7)	(1.8)
At the end of the year	**7.0**	**2.5**

10 FIXED ASSETS

TANGIBLE FIXED ASSETS	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
Gross block								
Balance as at Jan. 1, 2013	19.4	121.8	596.9	5,049.4	105.1	36.0	24.6	5,953.2
Additions	–	–	38.9	1,585.4	10.9	4.7	1.4	1,641.3
Disposals	–	–	–	226.4	0.2	0.2	7.3	234.1
Balance as at Dec. 31, 2013	**19.4**	**121.8**	**635.8**	**6,408.4**	**115.8**	**40.5**	**18.7**	**7,360.4**

Continued...

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

...Continued

(₹ in million)

TANGIBLE FIXED ASSETS	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
Balance as at Jan. 1, 2014	19.4	121.8	635.8	6,408.4	115.8	40.5	18.7	7,360.4
Additions	–	–	6.6	201.6	6.0	1.4	3.4	219.0
Disposals	–	–	2.0	232.1	4.6	1.2	9.6	249.5
Balance as at Dec. 31, 2014	**19.4**	**121.8**	**640.4**	**6,377.9**	**117.2**	**40.7**	**12.5**	**7,329.9**
Balance as at Jan. 1, 2015	19.4	121.8	640.4	6,377.9	117.2	40.7	12.5	7,329.9
Adjustment pursuant to scheme of amalgamation (refer note 44)	–	–	–	34.7	3.9	0.3	–	38.9
Additions	–	–	10.0	461.3	9.9	0.7	–	481.9
Disposals	–	–	–	69.4	0.1	0.2	0.6	70.3
Balance as at Dec. 31, 2015	**19.4**	**121.8**	**650.4**	**6,804.5**	**130.9**	**41.5**	**11.9**	**7,780.4**
Depreciation								
Balance as at Jan. 1, 2013	–	–	113.5	2,991.0	50.6	7.1	8.8	3,171.0
Depreciation for the year	–	–	19.4	400.7	5.6	1.7	1.8	429.2
Accumulated depreciation on disposal	–	–	–	220.2	0.1	–	2.9	223.2
Balance as at Dec. 31, 2013	**–**	**–**	**132.9**	**3,171.5**	**56.1**	**8.8**	**7.7**	**3,377.0**
Balance as at Jan. 1, 2014	–	–	132.9	3,171.5	56.1	8.8	7.7	3,377.0
Depreciation for the year	–	–	20.3	456.9	6.3	2.0	2.2	487.7
Accumulated depreciation on disposal	–	–	1.2	224.6	2.7	0.5	5.2	234.2
Balance as at Dec. 31, 2014	**–**	**–**	**152.0**	**3,403.8**	**59.7**	**10.3**	**4.7**	**3,630.5**
Balance as at Jan. 1, 2015	–	–	152.0	3,403.8	59.7	10.3	4.7	3,630.5
Adjustment pursuant to scheme of amalgamation (refer note 44)	–	–	–	17.7	1.1	0.1	–	18.9
Depreciation for the year	–	–	19.8	609.1	9.4	12.4	2.1	652.8
Adjustment on account of adoption of Schedule II (refer note below)	–	–	0.5	76.9	6.6	5.9	–	89.9
Accumulated depreciation on disposal	–	–	–	67.6	0.1	0.1	0.3	68.1
Balance as at Dec. 31, 2015	**–**	**–**	**172.3**	**4,039.9**	**76.7**	**28.6**	**6.5**	**4,324.0**
Net Block								
As at Dec. 31, 2014	**19.4**	**121.8**	**488.4**	**2,974.1**	**57.5**	**30.4**	**7.8**	**3,699.4**
As at Dec. 31, 2015	**19.4**	**121.8**	**478.1**	**2,764.6**	**54.2**	**12.9**	**5.4**	**3,456.4**

On account of applicability of Schedule II of the Companies Act, 2013, depreciation charge for the year ended December 31, 2015 is higher by ₹ 147.6 million due to adoption of the estimated useful life of assets as prescribed in Schedule II. Further, an amount of ₹ 58.8 million has been adjusted against the opening balance of Surplus (Profit and Loss account), net of deferred tax of ₹ 31.2 million on January 1, 2015, in respect of the residual value of assets wherein the remaining useful life has become 'nil'.

INTANGIBLE FIXED ASSETS	Non compete fees	Software	Technical Know-how Fees	Total
Gross block				
Balance as at Jan. 1, 2013	–	46.7	13.1	59.8
Additions	–	–	–	–
Balance as at Dec. 31, 2013	**–**	**46.7**	**13.1**	**59.8**
Balance as at Jan. 1, 2014	–	46.7	13.1	59.8
Additions	–	3.9	–	3.9
Balance as at Dec. 31, 2014	**–**	**50.6**	**13.1**	**63.7**
Balance as at Jan. 1, 2015	–	50.6	13.1	63.7
Adjustment pursuant to scheme of amalgamation (refer note 44)	10.0	–	–	10.0
Additions	–	0.1	–	0.1
Disposals	–	0.3	–	0.3
Balance as at Dec. 31, 2015	**10.0**	**50.4**	**13.1**	**73.5**

Continued...

...Continued

(₹ in million)

INTANGIBLE FIXED ASSETS	Non Compete Fees	Software	Technical Know-how Fees	Total
Amortisation				
Balance as at Jan. 1, 2013	–	37.3	13.1	50.4
Amortisation for the year	–	3.9	–	3.9
Balance as at Dec. 31, 2013	**–**	**41.2**	**13.1**	**54.3**
Balance as at Jan. 1, 2014	–	41.2	13.1	54.3
Amortisation for the year	–	6.4	–	6.4
Balance as at Dec. 31, 2014	**–**	**47.6**	**13.1**	**60.7**
Balance as at Jan. 1, 2015	–	47.6	13.1	60.7
Adjustment pursuant to scheme of amalgamation (refer note 44)	10.0	–	–	10.0
Equity Impact	–	–	–	–
Amortisation for the year	–	2.3	–	2.3
Accumulated depreciation on disposals	–	0.3	–	0.3
Balance as at Dec. 31, 2015	**10.0**	**49.6**	**13.1**	**72.7**
Net Block				
As at Dec. 31, 2014	**–**	**3.0**	**–**	**3.0**
As at Dec. 31, 2015	**–**	**0.8**	**–**	**0.8**

CAPITAL WORK-IN-PROGRESS

TANGIBLE	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Furniture & Fixtures	Office Equipments	Vehicles	Total
Balance as at Jan. 1, 2013	–	–	37.1	1,095.6	2.8	–	–	1,135.5
Additions	–	–	22.0	603.0	9.0	4.7	1.4	640.1
Assets capitalised during the year	–	–	38.9	1,585.4	10.9	4.7	1.4	1,641.3
Balance as at Dec. 31, 2013	**–**	**–**	**20.2**	**113.2**	**0.9**	**–**	**–**	**134.3**
Balance as at Jan. 1, 2014	–	–	20.2	113.2	0.9	–	–	134.3
Additions	–	–	5.6	270.4	5.1	1.4	3.4	285.9
Assets capitalised during the year	–	–	6.6	201.6	6.0	1.4	3.4	219.0
Balance as at Dec. 31, 2014	**–**	**–**	**19.2**	**182.0**	**–**	**–**	**–**	**201.2**
Balance as at Jan. 1, 2015	–	–	19.2	182.0	–	–	–	201.2
Adjustment pursuant to scheme of amalgamation (refer note 44)	–	–	–	0.9	–	–	–	0.9
Additions	–	–	13.8	774.0	9.9	0.9	–	798.6
Assets capitalised during the year	–	–	10.0	461.3	9.9	0.7	–	481.9
Balance as at Dec. 31, 2015	**–**	**–**	**23.0**	**495.6**	**–**	**0.2**	**–**	**518.8**

11 NON-CURRENT INVESTMENTS

	31.12.2015	31.12.2014
Trade Investments: Unquoted (Valued at cost unless stated otherwise)		
Investment in equity instruments		
Nil (Previous year: 4,350,000) equity shares of ₹ 10 each fully paid up of FAG Roller Bearings Private Limited, Associate Company*	–	43.5
Total	**–**	**43.5**

* The Company has acquired additional 75% equity shares of 'FAG Roller Bearings Private Limited' on January 1, 2015 to make it a 100% subsidiary. Subsequently 'FAG Roller Bearings Private Limited' was amalgamated into the Company under a Scheme of Amalgamation approved by Honorable High Court of Bombay vide its order dated November 3, 2015. The scheme became effective from appointed date i.e. January 1, 2015. (refer note 44)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(₹ in million)

12 LONG-TERM LOANS AND ADVANCES

	31.12.2015	31.12.2014
To parties other than related parties		
(unsecured and considered good)		
Capital advances	22.8	5.7
Security deposits	37.3	32.2
VAT receivable (amount paid under protest)	21.8	78.3
Advance tax recoverable [net of provision (for earlier years)]	301.3	184.5
	383.2	300.7
To related parties		
(unsecured and considered good)		
Capital advances	–	98.7
(secured and considered good)		
Other loans and advances	1,450.0	1,450.0
Less: Current portion of loans and advances (refer note 16)	(550.0)	(850.0)
	900.0	**600.0**
	900.0	698.7
Total	**1,283.2**	**999.4**

Other loans and advances comprises of loans given to fellow subsidiaries INA Bearings India Private Limited ₹ 850 million (Previous year: ₹ 850 million) and LuK India Private Limited ₹ 600 million (Previous year: ₹ 600 million), secured by way of hypothecation of plant and machinery. The maximum amount outstanding of secured loan for fellow subsidiaries INA Bearings India Private Limited ₹ 850 million (Previous year: ₹ 850 million) and LuK India Private Limited ₹ 600 million (Previous year: ₹ 600 million). The Company has granted the loans to meet the working capital requirement.

13 INVENTORIES (VALUED AT THE LOWER OF COST AND NET REALISABLE VALUE)

	31.12.2015	31.12.2014
Raw materials and components [including goods-in-transit ₹ 391.5 (Previous year: ₹ 164.2)]	807.2	631.0
Work-in-progress	112.8	99.7
Finished goods	491.3	396.8
Stock-in-trade [including goods-in-transit ₹ 167.3 (Previous year: ₹ 219.2)]	601.9	574.5
Stores and spares [including goods-in-transit ₹ 0.7 (Previous year: ₹ 5.2)]	139.2	153.6
Loose tools	50.1	53.3
Total	**2,202.5**	**1,908.9**

At December 31, 2015, the provision for write-down of the inventories to net realisable value amounted to ₹ 189.2 million (Previous year: ₹ 158.0 million).

14 TRADE RECEIVABLES

	31.12.2015	31.12.2014
Trade receivables outstanding for a period exceeding six months from the date they became due for payment		
Secured, considered good	0.6	0.5
Unsecured, considered good	4.8	3.5
Doubtful	19.2	14.3
Less: Provision for doubtful debts	(19.2)	(14.3)
Total (A)	**5.4**	**4.0**
Other receivables		
Secured, considered good	5.8	5.4
Unsecured, considered good	3,353.2	2,891.1
Total (B)	**3,359.0**	**2,896.5**
Total (A+B)	**3,364.4**	**2,900.5**

Trade receivable (unsecured, considered good) include ₹ Nil (Previous year ₹ 1.3 million) due from companies in which a Director is a Director.

(₹ in million)

15 CASH AND BANK BALANCES

	31.12.2015	31.12.2014
Cash and cash equivalents		
Cheques on hand	120.7	75.0
Balances with banks		
On current accounts	529.1	540.9
On deposit accounts (with original maturity of 3 months or less)	–	580.0
Restricted deposits (unpaid dividend)	4.3	4.0
	654.1	**1,199.9**
Other bank balances		
Deposits due to mature within 12 months from the reporting date	4,050.0	2,094.6
Total	**4,704.1**	**3,294.5**

16 SHORT-TERM LOANS AND ADVANCES

	31.12.2015	31.12.2014
To parties other than related parties		
(unsecured, considered good)		
Advances to employees	2.7	2.5
Balance with tax authorities		
- Excise receivable	166.8	225.5
- VAT receivable	60.4	59.6
- Service tax receivable	8.2	10.2
Sundry prepayments	9.9	9.5
Advances for supply of goods and other sundry advances	32.9	37.7
	280.9	**345.0**
To related parties		
(unsecured, considered good, unless otherwise stated)		
Loans and advances to associate / fellow subsidiary companies	22.2	6.9
(secured and considered good)		
Other loans and advances (current portion - refer note 12)	550.0	850.0
	572.2	**856.9**
Total	**853.1**	**1,201.9**
Loans and advances to associate / fellow subsidiary companies include:		
LuK India Private Limited	8.9	2.0
INA Bearings India Private Limited	10.4	2.3
The Barden Corporation	1.5	2.5
Schaeffler Trading (Shanghai) Co. Ltd.	0.1	–
Schaeffler Tech. AG & Co. KG	1.3	0.1

The maximum amount outstanding for advances given to fellow subsidiaries Luk India Private Limited ₹ 16.7 million (Previous year ₹ 18.8 million), INA Bearings India Private Limited ₹ 31.2 million (Previous year ₹ 35.0 million), The Barden Corporation ₹ 2.5 million (Previous year ₹ 2.5 million), Schaeffler Trading (Shanghai) Co. Ltd. ₹ 0.1 million (Previous year ₹ Nil) and Schaeffler Tech. AG & Co. KG ₹ 6.4 million (Previous year ₹ 3.0 million).

17 OTHER CURRENT ASSETS

	31.12.2015	31.12.2014
(unsecured, considered good)		
Export incentive receivable	8.6	10.1
Receivable from customs	–	4.0
Interest accrued on fixed deposits	157.6	72.5
Interest accrued - others	4.3	3.0
Total	**170.5**	**89.6**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(₹ in million)

18 REVENUE FROM OPERATIONS

	31.12.2015	31.12.2014
Sale of products		
Finished goods	13,429.1	12,368.9
Traded goods	5,078.6	4,951.7
Less: Excise duty	1,430.1	1,144.5
Sale of products (net)	**17,077.6**	**16,176.1**
Sale of services	**63.3**	**32.7**
Other operating revenues		
Export incentives	67.5	72.9
Scrap sales	35.9	39.8
Total	**17,244.3**	**16,321.5**
Break up of revenue from sale of products:		
Manufacturing goods (net of excise)*		
Ball & roller bearings	11,844.7	11,208.6
Components	18.0	15.8
Sale of machines	136.3	–
Total (A)	**11,999.0**	**11,224.4**
Traded Goods		
Ball & roller bearings	4,879.6	4,760.7
Axle box housing, Re-Railing equipment and its component**	197.0	188.6
High sea steel bars / rods	2.0	2.4
Total (B)	**5,078.6**	**4,951.7**
Total (A+B)	**17,077.6**	**16,176.1**

* Includes bearings partially processed in house which are considered manufactured products in accordance with The Central Excise Act,1944.
** For some of these items purchased for sale, assembly / minor processing by outside parties is carried out. These items are considered as traded items.

19 OTHER INCOME

	31.12.2015	31.12.2014
Interest income on fixed deposits	299.4	167.9
Interest income - others	188.9	181.3
Provisions no longer required written back - others	2.3	2.3
Rental Income from property lease	0.3	3.1
Net profit on sale / retirement of fixed assets	0.1	–
Other non-operating income	70.6	54.9
Total	**561.6**	**409.5**

20 COST OF MATERIALS CONSUMED***

	31.12.2015	31.12.2014
Inventory of materials at the beginning of the year	631.0	489.5
Purchases	6,468.4	6,162.3
Inventory of materials at the end of the year	807.2	631.0
Total	**6,292.2**	**6,020.8**
Break up of cost of materials consumed		
Ferrous Metals	0.1	0.3
Forged Rings	0.5	70.1
Components#	6,291.6	5,950.4
Total	**6,292.2**	**6,020.8**
Break up of inventory materials		
Ferrous Metals	54.7	128.1
Forged Rings	1.7	13.5
Components	750.8	489.4
Total	**807.2**	**631.0**

*** The consumption figures shown above have been ascertained on the basis of materials consumed and after considering excesses and shortages ascertained on physical count.
# Excludes raw materials supplied by the Company to the outside parties for manufacture of components. Such components are considered as consumed when issued for production.

(₹ in million)

21 PURCHASES OF STOCK-IN-TRADE

	31.12.2015	31.12.2014
Bearings	3,599.5	3,845.9
Axle box housing, Re-Railing equipment and its component	114.7	125.5
High sea steel bars / rods	–	2.1
Total	**3,714.2**	**3,973.5**

22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE*

Particulars	For the year ended 31.12.2015			For the year ended 31.12.2014		
	Opening inventory	Closing inventory	(Increase) / Decrease in inventory	Opening inventory	Closing inventory	(Increase) / Decrease in inventory
Manufactured goods						
Ball & Roller Bearings	394.8	487.5	(92.7)	332.0	394.8	(62.8)
Components	2.0	3.8	(1.8)	2.2	2.0	0.2
	396.8	**491.3**	**(94.5)**	**334.2**	**396.8**	**(62.6)**
Traded goods						
Bearings	535.2	572.9	(37.7)	565.9	535.2	30.7
Component of axle box housing, Re-Railing equipment and its component	39.3	29.0	10.3	33.4	39.3	(5.9)
	574.5	**601.9**	**(27.4)**	**599.3**	**574.5**	**24.8**
Work-in-progress						
Work-in-progress - Bearings	99.7	110.4	(10.7)	116.4	99.7	16.7
Machines	–	2.4	(2.4)	–	–	–
	99.7	**112.8**	**(13.1)**	**116.4**	**99.7**	**16.7**
Total	**1,071.0**	**1,206.0**	**(135.0)**	**1,049.9**	**1,071.0**	**(21.1)**

*Closing stock is net off scrapped / reworked items and shortages / excess.

23 EMPLOYEE BENEFITS

	31.12.2015	31.12.2014
Salaries, wages and incentives	1,080.0	1,122.9
Contributions to: (refer note 43)		
- Provident fund	50.8	49.5
- Gratuity fund	28.3	52.8
- Superannuation fund	23.9	22.0
Staff welfare expenses	134.7	132.2
Total	**1,317.7**	**1,379.4**

24 FINANCE COSTS

	31.12.2015	31.12.2014
Bank and other financial charges	14.5	9.7
Other interest expenses	6.7	–
Total	**21.2**	**9.7**

25 DEPRECIATION AND AMORTISATION

	31.12.2015	31.12.2014
Depreciation of tangible fixed assets	652.8	487.7
Less: Depreciation on revaluation increase transferred from revaluation reserve	–	(0.6)
Amortisation of intangible fixed assets	2.3	6.4
Total	**655.1**	**493.5**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(₹ in million)

26 OTHER EXPENSES

	31.12.2015	31.12.2014
Consumption of stores and spare parts	595.5	565.9
Power and fuel	362.2	330.0
Freight, clearing and forwarding	265.9	268.4
Rent (refer note 39)	30.5	26.5
Repairs and maintenance:		
- Building	11.5	11.3
- Machinery	19.3	17.7
- Others	26.5	27.4
Insurance	18.2	18.1
Rates and taxes	31.8	19.7
Excise duty (refer note 41)	19.0	3.8
Travelling expenses	91.7	97.1
Legal and professional fees	22.7	21.0
Auditors' remuneration (refer note below)	6.1	4.9
Fees for use of technology / trademark	274.5	255.7
Advertising and sales promotion	157.9	158.0
Bank charges	5.2	5.3
Telephone and other communication expenses	16.8	18.2
Printing and stationery	9.1	7.6
Provision for doubtful debts	4.9	7.9
Bad debts written off	2.0	15.5
Warranty costs	6.2	1.8
Cash discount	135.4	137.6
Outside services	402.0	337.3
CSR activities (refer note 46)	30.7	4.8
Net loss on account of foreign exchange fluctuations	418.3	139.4
Net loss on sale / retirement of fixed assets	–	11.1
Miscellaneous expenses	38.5	39.5
Total	**3,002.4**	**2,551.5**

Note: Auditors' remuneration		
As auditor		
Statutory audit	3.9	3.4
Limited review of quarterly results	1.4	1.3
Other services and certification	0.6	0.1
Reimbursement of expenses	0.2	0.1
Total	**6.1**	**4.9**

27 EARNINGS PER SHARE (EPS)

		31.12.2015	31.12.2014
(a)	Amount used as the numerator		
	Profit after tax attributable to equity shareholders (₹ in million)	1,974.8	1,528.8
(b)	Weighted average number of equity shares used as the denominator	16,617,270	16,617,270
(c)	Nominal value of share (in ₹)	10.0	10.0
(d)	Earnings per share (basic and diluted) (in ₹)	118.84	92.00

28 FIXED ASSETS

(a) (i) Land, Buildings and Roads were revalued as at December 31, 1985 at depreciated market value on the basis of valuation made by a Government Registered Valuer. The revalued amounts were revised during the year ended December 31, 1987 by the said Valuer based on certain information provided by the Company. The indices, if any, used are not stated in the valuation. The amounts added on revaluation after the aforesaid revision are given here:

	31.12.2015
Land	19.1
Buildings and Roads	19.0
Total	**38.1**

(₹ in million)

(ii) Depreciation on the increase in the value of fixed assets due to revaluation is transferred to Profit & Loss balance (surplus) / Statement of Profit and Loss and no amount of additional depreciation has been recouped from the revaluation reserve. Consequently, the depreciation charge for the year shown in the Statement of Profit and Loss is after deducting an amount of ₹ Nil (Previous year: ₹ 0.6 million) representing depreciation on the increase due to revaluation of Buildings and Roads.

(b) Buildings and Roads include ₹ 250, being cost of five ordinary shares of ₹ 50 each of Nariman Bhavan Premises Co-operative Society Limited and ₹ 500 being cost of ten ordinary shares of ₹ 50 each of Parekh Market Premises Co-Operative Society Limited, which entitle the Company to real estate.

29 CONTRACTS ON CAPITAL ACCOUNT

	31.12.2015	31.12.2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances).	338.8	716.3

30 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

	31.12.2015	31.12.2014
Claims against the Company not acknowledged as debts:		
(a) Employees and ex-employees related matters:		
(i) Matters pending in Labour Court / Civil Court / High Court for reinstatement of service / recovery of salary	138.9	96.8
(ii) Applicability of provident fund on certain benefits to employees	236.7	276.0
(iii) Demand for discontinuing of contract system and for differential wages	82.6	72.7
(iv) Applicability of Employees State Insurance on certain benefits paid to the employees	10.7	9.3
	468.9	**454.8**
(b) Indirect tax:		
(i) Sales tax: For non receipt of C Forms and non acceptance of Company's claim of certain sales as exempt sales in respect of assessment years 2004-05, 2005-06, 2006-07, 2007-08 and 2009-10	26.1	45.5
(ii) Service tax: In respect of matters where the Company has received favourable orders / partial relief from the First Appellate authorities but the Central Excise and Customs Department is pursuing further with higher Appellate authorities (excluding the matters if not ultimately allowed, would be allowed in the following assessment years)	0.9	2.2
(c) Income tax:		
In respect of matters decided against the Company, for which the Company is in appeal with higher authorities.	115.2	80.3
In respect of matters where the Company has received favourable orders/partial relief from the First Appellate authorities but the Income Tax Department is pursuing further with higher Appellate authorities (excluding the matters if not ultimately allowed, would be allowed in the following assessment years)	40.7	45.0

31 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED DURING THE FINANCIAL YEAR

	2015 Amount	2015 % of Total Consumption	2014 Amount	2014 % of Total Consumption
Raw Material				
Imported	0.3	50%	–	0%
Indigenous	0.3	50%	0.3	100%
Total	**0.6**	**100%**	**0.3**	**100%**

Continued...

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

...Continued

(₹ in million)

	2015		2014	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Components				
Imported	2,607.2	41%	2,339.3	39%
Indigenous	3,698.3	59%	3,681.2	61%
Total	**6,305.5**	**100%**	**6,020.5**	**100%**
Spare parts				
Imported	159.6	27%	174.9	31%
Indigenous	435.9	73%	391.0	69%
Total	**595.5**	**100%**	**565.9**	**100%**

32 C.I.F. VALUE OF IMPORTS

	2015	2014
Raw materials and components	2,694.7	2,414.1
Products purchased for sale	2,888.6	3,126.9
Stores and spares for maintenance of machinery	143.2	173.3
Capital goods	369.4	122.0
Total	**6,095.9**	**5,836.3**

33 EXPENDITURE IN FOREIGN CURRENCY

	2015	2014
(Gross) subject to deduction of tax wherever applicable:		
(i) Fee for use of Technology / Trademark	274.5	255.7
(ii) Travelling	8.8	13.8
(iii) Charges for SAP / R3 and its connectivity & maintenance	85.4	68.4
(iv) Management service charges – (outside services)	0.1	11.2
(v) Reimbursement of Expat Cost	18.7	28.8
(vi) Others – [Training, testing charges, catalogues (net), etc.]	26.5	16.2
(vii) Technical services (capitalised)	1.1	0.2
Total	**415.1**	**394.3**

34 DIVIDEND REMITTANCES IN FOREIGN CURRENCY

	2015	2014
On 8,529,183 Equity Shares of ₹ 10 each to one non-resident shareholder:		
- for the year ended December 31, 2014	64.0	–
- for the year ended December 31, 2013	–	51.2

35 EARNINGS IN FOREIGN EXCHANGE

	2015	2014
Service income	9.4	–
FOB value of export	2,973.0	2,922.5
Others (reimbursement of expenses)	14.3	11.8
Total	**2,996.7**	**2,934.3**

(₹ in million)

36 Research and Development expenses under the respective heads aggregate to ₹120.9 million (Previous year ₹ 97.7 million) including of capital nature ₹ Nil (Previous year ₹ 0.2 million).

37 The tax year for the Company being the year ending March 31, 2016, the provision for taxation for the year is the aggregate of the provision made for the three months ended March 31, 2015 and the provision based on the figures for the remaining nine months up to December 31, 2015 the ultimate tax liability of which will be determined on the basis of the figures for the period April 1, 2015 to March 31, 2016.

The Company's international and domestic transactions with associated enterprises are at arm's length as per the independent accountant's report for the year ended March 31, 2015. The Company is in the process of updating the documentation for the international and domestic transactions entered into with the associated enterprises during the period subsequent to March 31, 2015. Management believes that the Company's international and domestic transactions with associated enterprises post March 31, 2015 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the year end.

38 SEGMENT REPORTING

The business of the Company comprises of sale of 'Ball / Roller Bearings and related components' and 'Sale of Machines'. 'Ball / Roller Bearings and related components' has been identified as a single reportable segment for the purpose of Accounting Standard (AS)-17 on 'Segment Reporting'.

Sales revenue by geographical market:	2015	2014
Domestic	14,104.6	13,253.6
Exports	2,973.0	2,922.5
Total	**17,077.6**	**16,176.1**

Assets and additions to tangible and intangible fixed assets by geographical area:

The following table shows the carrying amount of segment assets and capital expenditure during the year by geographical market in which the assets are located:

Segment	2015	2014	2015	2014
	Segment assets		Cost incurred to acquire fixed assets	
Domestic	15,608.8	13,544.2	799.5	285.8
Exports	643.6	569.7	–	–
Total	**16,252.4**	**14,113.9**	**799.5**	**285.8**

Domestic geographical segment includes certain assets which are common to both the geographical segment (i.e. Domestic and Export). Un-allocable Corporate Assets include investments and other un-allocable assets.

39 (A) DISCLOSURE IN RESPECT OF ASSETS TAKEN ON LEASE

Operating Leases

The Company has entered into rent agreement for equipment, vehicles and leave and license agreements for certain premises (along with furniture and fixtures in certain cases). The lease typically run for period ranging between 12 months to 48 months. These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually accepted terms including escalation of lease rent. The agreements contain clause for restriction on sub leasing.

Lease payments recognised in the Statement of Profit and Loss for the year:	2015	2014
In respect of premises and equipment taken on lease	15.4	13.3
In respect of vehicles	15.1	13.2
Total	**30.5**	**26.5**

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for the year ended December 31, 2015

(₹ in million)

(B) DISCLOSURE IN RESPECT OF ASSETS GIVEN ON OPERATING LEASE

In previous year, the Company had lease agreement for certain portion of its factory and office premises which stand canceled during the year on account of merger. The disclosure required under Accounting Standard (AS)-19 "Leases" is as under.

Category	Gross carrying amount of the portion of premises leased, included in Note 10 'Fixed Assets'	Accumulated depreciation	Net carrying amount	Depreciation recognised in the Statement of Profit and Loss
Buildings				
2015	–	–	–	–
2014	14.2	3.6	10.6	0.5

During the year, an amount of ₹ Nil (Previous year ₹ 3.1 million) was recognised as rental income in the Statement of Profit and Loss from the above factory and office premises. Further, the Company has sub leased part of rented premises for which rental income amounting to ₹ 0.3 million (Previous year ₹ Nil) is recognised in the Statement of Profit and Loss.

40 RELATED PARTY DISCLOSURES AS REQUIRED UNDER AS-18 ARE GIVEN BELOW

(1) Name and nature of relationship of the Related Party where Control exists:

FAG Kugelfischer GmbH, Germany: Holding Company holds 8,529,183 equity shares i.e. 51.33% of the equity share capital as at the year end. The ultimate control lies with INA Holding Schaeffler GmbH & Co. KG – Schaeffler Group.

(2) Names of the Related Parties having transactions with the Company during the year:

2015	2014
(a) Holding Company	**(a) Holding Company**
FAG Kugelfischer GmbH, Germany	FAG Kugelfischer GmbH, Germany
(b) Fellow Subsidiary / Associate Companies	**(b) Fellow Subsidiary / Associate Companies**
Schaeffler Australia Pty. Ltd., Australia	Schaeffler Australia Pty. Ltd., Australia
Schaeffler Brasil Ltda., Brazil	Schaeffler Brasil Ltda., Brazil
Schaeffler Canada Inc., Canada	Schaeffler (China) Co. Ltd., China
Schaeffler (China) Co. Ltd., China	Schaeffler (Ningxia) Co. Ltd., China
Schaeffler Holding (China) Co. Ltd., China	Schaeffler Holding (China) Co. Ltd., China
Schaeffler Trading (Shanghai) Co. Ltd., China	Schaeffler Trading (Shanghai) Co. Ltd., China
Schaeffler (Nanjing) Co. Ltd., China	Schaeffler (Nanjing) Co. Ltd., China
Schaeffler Middle East FZE, Dubai	Schaeffler Middle East FZE, Dubai
Schaeffler France S.A.S., France	Schaeffler France S.A.S., France
Schaeffler Technologies AG & Co. KG, Germany (Formerly Known as Schaeffler Technologies GmbH & Co. KG)	Schaeffler Technologies GmbH & Co. KG, Germany (Formerly known as Schaeffler Technologies AG & Co. KG.)
Schaeffler AG, Germany	Schaeffler AG, Germany
Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany	Schaeffler Automotive Aftermarket GmbH & Co. KG, Germany
FAG Industrial Services GmbH, Germany	FAG Industrial Services GmbH, Germany
LuK Truckparts GmbH & Co. KG, Germany	LuK Truckparts GmbH & Co. KG, Germany
Schaeffler Verwaltung Zwei GmbH, Germany	Schaeffler Verwaltung Zwei GmbH, Germany
WPB Water Pump Bearing GmbH & Co. KG, Germany	Schaeffler Hong Kong Company Ltd., Hong Kong
Schaeffler Hong Kong Company Ltd, Hong Kong	INA Bearings India Pvt. Ltd., India
INA Bearings India Private Ltd., India	FAG Roller Bearings Pvt. Ltd., India
LuK India Private Ltd., India	LuK India Pvt. Ltd., India
Schaeffler Bearings Indonesia, PT, Indonesia	Schaeffler Bearings Indonesia, PT, Indonesia
Schaeffler Japan Co. Ltd., Japan	Schaeffler Japan Co. Ltd., Japan
Schaeffler Korea Corporation, Korea	Schaeffler Korea Corporation, Korea
Schaeffler Mexico, S. de R.L. de C.V., Mexico	Schaeffler Mexico, S. de R.L. de C.V., Mexico
Schaeffler Bearings (Malaysia) Sdn. Bhd., Malaysia	Schaeffler Portugal S.A., Portugal
Schaeffler Portugal S.A., Portugal	Schaeffler Philippines Inc., Philippines

Continued...

...Continued

(₹ in million)

2015	2014
Schaeffler Philippines Inc., Philippines	SC Schaeffler Romania S.R.L., Romania
SC Schaeffler Romania S.R.L., Romania	Schaeffler (Singapore) Pte. Ltd., Singapore
Schaeffler (Singapore) Pte. Ltd., Singapore	INA Kysuce, spol. s r.o, Slovakia
Schaeffler South Africa (Pty.) Ltd., South Africa	Schaeffler (Thailand) Co. Ltd., Thailand
INA Kysuce, spol. s.r.o, Slovakia	The Barden Corporation (UK) Ltd., UK
Schaeffler (Thailand) Co. Ltd., Thailand	The Barden Corporation, USA
Schaeffler (Ningxia) Co. Ltd., China	Schaeffler Group USA Inc., USA
The Barden Corporation (UK) Ltd., UK	Schaeffler Vietnam Co. Ltd., Vietnam
The Barden Corporation, USA	
Schaeffler Group USA Inc, USA	
Schaeffler Vietnam Co. Ltd., Vietnam	
(c) Key Management Personnel	**(c) Key Management Personnel**
Mr. Rajendra Anandpara, Managing Director	Mr. Rajendra Anandpara, Managing Director

(3) Transactions with Related Parties during the year ended December 31, 2015:

Nature of Transaction	Holding Company	Fellow Subsidiaries / Associate Companies	Key Management Personnel	Total
Purchase of Finished Goods	–	2,816.5	–	2,816.5
	–	(3,007.1)	–	(3,007.1)
Purchase of Raw materials and Components / Spares	–	683.5	–	683.5
	–	(753.7)	–	(753.7)
Purchase of Tangible Fixed Assets	–	318.0	–	318.0
	–	(124.4)	–	(124.4)
Fees for use of Technology / Trademark	–	274.5	–	274.5
	–	(255.7)	–	(255.7)
Charges for SAP / R3 and Connectivity	–	85.1	–	85.1
	–	(68.0)	–	(68.0)
Dividend for the year - 2014	64.0	–	–	64.0
- 2013	(51.2)	–	–	(51.2)
Deputation, Traveling, Training, Testing & Other Costs	–	33.5	–	33.5
	–	(27.8)	–	(27.8)
Reversal of Other cost	–	1.7	–	1.7
	–	–	–	–
Management Service charges paid	–	13.3	–	13.3
	–	(77.2)	–	(77.2)
Expat Cost	–	18.7	–	18.7
	–	(28.8)	–	(28.8)
Sale of finished goods	–	2,985.7	–	2,985.7
	–	(2,857.2)	–	(2,857.2)
Technical services including capitalised	–	1.1	–	1.1
	–	(3.7)	–	(3.7)
Reversal of Technical services including capitalised	–	2.6	–	2.6
	–	(3.3)	–	(3.3)
Managerial Remuneration*	–	–	12.5	12.5
	–	–	(9.3)	(9.3)
Management Service charges recovered	–	23.3	–	23.3
	–	(30.5)	–	(30.5)
SAP cost recovered	–	12.0	–	12.0
	–	–	–	–
Payments on behalf of related parties (Reimbursement)	–	36.2	–	36.2
	–	(21.0)	–	(21.0)

Continued...

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

...Continued

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries / Associate Companies	Key Management Personnel	Total
Sale of Tangible fixed assets	–	–	–	–
	–	(4.3)	–	(4.3)
Trade and other receivables	–	668.8	–	668.8
	–	(548.4)	–	(548.4)
Trade payables	–	1,132.9	–	1,132.9
	–	(817.5)	–	(817.5)
Advance received from Customers	–	31.9	–	31.9
	–	–	–	–
Capital advances	–	–	–	–
	–	(107.0)	–	(107.0)
Interest on loan given	–	159.6	–	159.6
	–	(164.0)	–	(164.0)
Recovery of Interest on loan	–	159.6	–	159.6
	–	(164.0)	–	(164.0)
Service Income	–	12.1	–	12.1
	–	–	–	–
Lease rent	–	0.3	–	0.3
	–	(3.1)	–	(3.1)
Recovery of Lease rent	–	–	–	–
	–	(3.1)	–	(3.1)
Purchase of Investment	43.4	81.9	–	125.3
	–	–	–	–

* Does not include gratuity and leave encashment benefits which are determined for the Company as a whole.
Note: Figures in the brackets represent previous year's figures.

(4) Balances Outstanding as at December 31, 2015:

Nature of Transaction	Fellow Subsidiaries / Associate Companies
Investment	
FAG Roller Bearings Pvt. Ltd., India	–
	(43.5)
Capital advance	
FAG Roller Bearings Pvt. Ltd., India	–
	(98.7)
Trade Receivables	
Schaeffler Technologies AG & Co. KG, Germany	374.0
	(327.5)
Schaeffler Group USA Inc., USA	67.8
	(74.2)
Schaeffler Trading (Shanghai) Co. Ltd., China	59.4
	(60.1)
Schaeffler Hong Kong Co. Ltd., Hong Kong	12.3
	(7.4)
Others	133.1
	(71.8)
Trade Payables	
Schaeffler Technologies AG & Co. KG, Germany	919.7
	(743.4)
Others	213.2
	(74.1)
Advance received from Customers	
Schaeffler (Ningxia) Co. Ltd., China	31.9
	–
Loans Receivables	
INA Bearings India Pvt. Ltd., India	850.0
	(850.0)

Continued...

...Continued

(₹ in million)

Nature of Transaction	Fellow Subsidiaries/ Associate Companies
LuK India Pvt. Ltd., India	600.0 (600.0)
Other Receivables	
INA Bearings India Pvt. Ltd., India	10.4 (2.3)
LuK India Pvt. Ltd., India	8.9 (2.0)
The Barden Corporation, USA	1.5 (2.5)
Others	1.4 (0.1)

(5) The significant Related Party transactions are as under:

Nature of Transactions	Fellow Subsidiary / Associate Companies	Amount
Purchase of finished goods	Schaeffler Technologies AG & Co. KG, Germany	2,633.5 (2,771.4)
Purchase of raw material and components / spares	Schaeffler Technologies AG & Co. KG, Germany	520.2 (640.1)
	Schaeffler Korea Corporation, Korea	8.1 (7.7)
	Schaeffler (China) Co. Ltd., China	76.5 (–)
Purchase of tangible fixed assets	Schaeffler Technologies AG & Co. KG, Germany	191.1 (53.6)
	FAG Roller Bearings Pvt. Ltd., India	– (65.5)
	Schaeffler (China) Co. Ltd., China	77.1 (–)
	Schaeffler Brasil Ltda., Brazil	37.9 (–)
Sale of finished goods	Schaeffler Technologies AG & Co. KG, Germany	1,365.7 (1,422.9)
	Schaeffler Hong Kong Co. Ltd., Hong Kong	179.9 (264.1)
	Schaeffler Trading (Shanghai) Co. Ltd., China	414.4 (429.5)
	Schaeffler Group USA Inc., USA	334.9 (300.7)
Capital advances	FAG Roller Bearings Pvt. Ltd., India	– (107.0)
Fees for use of technology / Trademark	Schaeffler Technologies AG & Co. KG, Germany	272.9 (253.7)
Charges for SAP / R3 and connectivity	Schaeffler Technologies AG & Co. KG, Germany	85.1 (68.0)
Deputation, travelling, training, testing & other costs	Schaeffler Technologies AG & Co. KG, Germany	19.5 (12.3)
	FAG Roller Bearings Pvt. Ltd., India	– (3.5)
	INA Bearings India Pvt. Ltd., India	2.0 (1.5)
	Schaeffler (China) Co. Ltd., China	1.2 (0.1)

Continued...

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

...Continued

(₹ in million)

Nature of Transactions	Fellow Subsidiary / Associate Companies	Amount
Deputation, travelling, training, testing & other costs	Schaeffler Trading (Shanghai) Co. Ltd., China	3.6 (–)
	Schaeffler Hong Kong Company Ltd., Hong Kong	4.7 (–)
Reversal of other cost	Schaeffler Verwaltung Zwei GmbH, Germany	1.7 (–)
Management Service charges paid	Schaeffler Holding Co. (China) Ltd., China	0.1 (11.2)
	INA Bearings India Pvt. Ltd., India	13.2 (65.6)
Technical services including capitalised	Schaeffler Technologies AG & Co. KG, Germany	1.1 (–)
	Schaeffler (China) Co. Ltd., China	– (0.2)
	FAG Roller Bearings Pvt. Ltd., India	– (3.5)
Reversal of technical services including capitalised	Schaeffler (China) Co. Ltd., China	– (3.3)
	Schaeffler Holding (China) Co. Ltd., China	2.6 (–)
Expat cost	Schaeffler Technologies AG & Co. KG, Germany	9.4 (19.3)
	Schaeffler Korea Corporation, Korea	9.3 (9.5)
SAP cost recovered	INA Bearings India Pvt. Ltd., India	6.0 (–)
	LuK India Pvt. Ltd., India	6.0 (–)
Payments on behalf of Related Parties (Reimbursement)	LuK India Pvt. Ltd., India	11.0 (0.8)
	INA Bearings India Pvt. Ltd., India	11.0 (4.3)
	The Barden Corporation, USA	5.0 (6.0)
	Schaeffler Holding Co. (China) Ltd., China	– (0.4)
	Schaeffler (Thailand) Co. Ltd., Thailand	3.7 (–)
	Schaeffler Technologies AG & Co. KG, Germany	4.3 (–)
	FAG Roller Bearings Pvt. Ltd., India	– (8.6)
Sale of tangible fixed assets	Schaeffler France S.A.S., France	– (1.4)
	Schaeffler Technologies AG & Co. KG, Germany	– (2.7)
Management Service charges recovered	INA Bearings India Pvt. Ltd., India	12.8 (19.6)
	LuK India Pvt. Ltd., India	10.5 (10.9)
Interest on loan given	INA Bearings India Pvt. Ltd., India	93.5 (96.0)
	LuK India Pvt. Ltd., India	66.1 (68.0)

Continued...

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(₹ in million)

Nature of Transactions	Fellow Subsidiary / Associate Companies	Amount
Recovery of interest on loan	INA Bearings India Pvt. Ltd., India	93.5 (96.0)
	LuK India Pvt. Ltd., India	66.1 (68.0)
Service income	Schaeffler Technologies AG & Co. KG, Germany	8.5 (–)
	INA Bearings India Pvt. Ltd., India	2.7 (–)
Lease rent	FAG Roller Bearings Pvt. Ltd., India	– (3.1)
	INA Bearings India Pvt. Ltd., India	0.2 (–)
	LuK India Pvt. Ltd., India	0.1 (–)
Recovery of lease rent	FAG Roller Bearings Pvt. Ltd., India	– (3.1)
Purchase of investment	INA Bearings India Pvt. Ltd., India	81.9 (–)
	FAG Kugelfischer GmbH, Germany	43.4 (–)

Note: Figures in the brackets represent previous year's figures.

41 (a) Excise duty paid and collected from customers is shown separately and deducted from the Sales turnover (Gross) in the Statement of Profit and Loss.

(b) Excise duty appearing under other expenses represents:	31.12.2015	31.12.2014
(i) the difference between excise duty included in the closing stock and that in opening stock of manufactured finished goods	18.4	1.0
(ii) the excise duty on the free sample, scrap, etc.	0.6	2.8
Total	**19.0**	**3.8**

42 DERIVATIVE INSTRUMENTS

The Company has entered into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable transactions.

The Company has adopted and applied the principles of hedge accounting as set out in Accounting Standard (AS)-30, 'Financial Instruments: Recognition and Measurement' issued by Institute of Chartered Accountants of India with effect from August 1, 2014 to forward contracts in respect of highly probable transactions or firm commitments which were previously accounted following the principles of prudence as per AS-1 'Disclosure of Accounting Policies'.

Gain on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to ₹ 8.6 million (Previous year ₹ 203.0 million - marked to market loss), on the Balance Sheet date, has been recognised in the hedging reserves account.

The outstanding forward exchange contracts as at December 31, 2015 are as follows:

Outstanding derivative instruments:

Category	Currency Hedged	31.12.2015 Notional Amount in Foreign Currency	31.12.2015 Equivalent Amount in ₹ at the year end	31.12.2014 Notional Amount in Foreign Currency	31.12.2014 Equivalent Amount in ₹ at the year end
Forward exchange contracts (to hedge highly probable exports receivable)	USD	15,330,000	1,135.1	11,889,600	764.8
Forward exchange contracts (to hedge highly probable imports payable)	EURO	15,535,000	1,013.2	33,884,000	2,993.2

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(₹ in million)

Unhedged foreign currency exposures as at December 31, 2015:

Particulars	Currency	Amount in Foreign Currency	Equivalent Amount in Indian Currency
Trade payables	USD	4,458,780.1 (2,063,933.0)	297.3 (131.3)
	EURO	7,393,322.8 (3,747,440.0)	540.2 (290.8)
	CHF	– (478.0)	– (–)
	JPY	30,780.0 (1,350,000.0)	– (0.7)
	CNY	10,538,789.0 (–)	108.1 (–)
Advances from Customers	USD	482,113.0 (–)	31.9 (–)
Trade receivables	USD	2,852,942.8 (2,300,742.0)	208.5 (145.0)
	EURO	5,235,128.3 (4,495,572.0)	377.1 (344.0)
Advances to suppliers	USD	172,870.5 (8,940.0)	11.5 (0.6)
	EURO	55,390.3 (36,512.0)	4.0 (2.8)
	GBP	766.6 (–)	0.1 (–)
Bank balance in EFC accounts	USD	264,133.9 (470,569.0)	17.5 (29.7)
	EURO	1,347,824.6 (300,286.0)	97.1 (23.0)

Note: Figures in the brackets represent previous year's figures.

43 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 50.8 million (Previous year: ₹ 49.5 million) and contribution to superannuation fund for the year aggregated to ₹ 23.9 million (Previous year: ₹ 22.0 million).

Defined benefit plans:

The Company has defined benefit plans that provide gratuity benefit and provident fund for certain employees. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / exit. The Scheme is funded by the plan assets.

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of certain employees towards Provident Fund to a Company managed PF Trust. The contributions are charged to Statement of Profit and Loss as they accrue. Based on actuarial valuation report there is no shortfall in the Trust fund as at December 31, 2015.

The following table summarises the position of assets and obligations relating to the two plans.

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Fair value of plan assets	265.7	246.1	85.3	86.1
Present value of obligations	282.3	265.6	85.3	86.1
Asset / (Liability) recognised in Balance Sheet	**(16.6)**	**19.5**	**–**	**–**

(₹ in million)

Classification into current / non-current:

The (asset) / liability in respect of each of the two plans comprises of the following non-current and current portions:

	Non-current		Current	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Gratuity	16.6	19.5	–	–
Provident Fund	–	–	–	–
Total	**16.6**	**19.5**	**–**	**–**

Composition of plan assets:

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Government of India Securities	–	–	40%	42%
Insurer Managed Funds	100%	100%	–	–
Corporate Bonds	–	–	49%	48%
Special Deposit Scheme	–	–	1%	1%
Others	–	–	10%	9%

Movement in present values of defined benefit obligations:

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Defined benefit obligation at January 1	265.6	215.2	86.1	86.1
Transfer due to amalgamation	2.0	–	–	–
Service cost	12.8	12.6	3.6	3.7
Interest cost	21.7	19.5	6.9	7.6
Actuarial losses (gains)	11.0	45.7	0.8	0.8
Benefits paid / Employees contribution	(30.8)	(27.4)	(12.1)	(12.1)
Defined benefit obligation at December 31	**282.3**	**265.6**	**85.3**	**86.1**

Movement in fair value of plan assets:

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Fair value of plan assets at January 1	246.1	228.9	86.1	86.1
Expected return	18.5	17.3	7.7	7.5
Actuarial gains and (losses)	(1.3)	7.7	–	0.9
Contributions by employer	33.2	19.6	3.6	3.7
Benefits paid / Employees contribution	(30.8)	(27.4)	(12.1)	(12.1)
Fair value of plan assets at December 31	**265.7**	**246.1**	**85.3**	**86.1**

Expense recognised in the Statement of Profit and Loss:

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Current service cost	12.8	12.6	3.6	3.7
Interest on obligation	21.7	19.5	6.9	7.6
Expected return on plan assets	(18.5)	(17.3)	(7.7)	(7.6)
Net actuarial losses (gains) recognised in year	12.3	38.0	0.7	–
Total included in 'Employee benefit expense'	**28.3**	**52.8**	**3.5**	**3.7**

Actual return on plan assets:

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Expected return on plan assets	18.5	17.3	7.7	7.5
Actuarial gain / (loss) on plan assets	(1.3)	7.7	–	0.9
Actual return on plan assets	17.2	25.0	7.7	8.4

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

Principal actuarial assumptions

(₹ in million)

The following are the principal actuarial assumptions:

	Gratuity		Provident Fund	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Discount rate per annum as at December 31	8.15%	8.50%	8.15%	8.50%
Expected return per annum on plan assets as at December 31	8.00%	8.00%	9.03%	9.40%
Future salary increment	7.00%	7.00%	Not applicable	Not applicable
Retirement age	58 Years	58 Years	Not applicable	Not applicable
Mortality	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table	Not applicable	Not applicable
Attrition rate	1% - 2%	1% - 2%	Not applicable	Not applicable
Discount Rate for the Remaining Term to Maturity of the Investment (p.a.)	Not applicable	Not applicable	8.03%	8.17%
Average Historic Yield on the Investment (p.a.)	Not applicable	Not applicable	8.91%	9.07%
Guaranteed Rate of Return (p.a.)	Not applicable	Not applicable	8.75%	8.75%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five-year information

Particulars	Gratuity					Provident Fund	
	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2015	31.12.2014
Defined benefit obligation	202.1	225.5	215.2	265.6	282.3	85.3	86.1
Plan assets	184.9	207.2	228.8	246.1	265.7	85.3	86.1
Surplus / (Deficit)	(17.2)	(18.3)	13.7	(19.5)	(16.6)	–	–
Experience adjustment of plan liabilities	24.9	6.7	(6.1)	32.8	4.2	0.8	0.8
Experience adjustment of plan assets	4.9	4.3	4.1	7.7	(1.3)	–	0.9

44 AMALGAMATION OF FAG ROLLER BEARINGS PRIVATE LIMITED WITH THE COMPANY

Scheme of Arrangement between FAG Roller Bearings Private Limited and the Company:

During the year, FAG Roller Bearings Private Limited, a wholly owned subsidiary of the Company, incorporated with the main object to manufacture machines, was amalgamated into the Company pursuant to the Scheme of Amalgamation (hereinafter referred to as 'Scheme'), as on and from January 1, 2015 being the appointed date pursuant to the approval of the Board of Directors and shareholders of the Company and sanctioned by the Honorable High Court of Bombay vide its order dated November 3, 2015, which was filed with Registrar of Companies on November 10, 2015.

The Company has carried out the accounting prescribed in the Scheme and made the required disclosure for Amalgamations in the nature of Merger, as required under Accounting Standard (AS)-14 'Accounting for Amalgamations' notified under the Companies (Accounts) Rules, 2014.

Hence, in accordance with the Scheme:

(i) The Company has taken over all the following assets aggregating to ₹ 240.6 million, liabilities aggregating to ₹ 176.2 million and deficit amounting to ₹ 109.4 million at their respective book values. On cancellation of investments made by the Company in FAG Roller Bearings Private Limited against its share capital as on the appointed date, the resultant surplus of ₹ 5.2 million has been credited to capital reserve.

Particulars	Amount
Tangible assets (net)	20.0
Non compete fees (net)	–
Capital work-in-progress	0.9

Continued...

...Continued

(₹ in million)

Particulars	Amount
Long term loans and advances	1.0
Inventories	72.3
Trade receivables	22.8
Cash and bank balances	113.1
Short-term loans and advances	8.2
Other current assets	2.3
Total Assets acquired	**240.6**
Long-term provisions	8.0
Trade payables	26.8
Other current liabilities	138.5
Short-term provisions	2.9
Total Liabilities acquired	**176.2**
Profit and Loss Account (debit balance)	**(109.4)**

(ii) No consideration is payable or receivable on implementation of the Scheme as the Scheme involves a Wholly owned Subsidiary.

(iii) In view of the above, the financial statements for the current year are not strictly comparable to those of the previous year.

45 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

46 CORPORATE SOCIAL RESPONSIBILITY

The Company has spent ₹ 30.7 million during the current financial year which consists of capital expenditure amounting ₹ 14.9 million and revenue expenditure amounting ₹ 15.8 million. Out of ₹ 30.7 million, the Company has paid out ₹ 29.9 million in cash during the year and ₹ 0.8 million is yet to be paid.

47 PREVIOUS YEAR FIGURES

Details of regrouping / reclassification for the previous year

Particulars	Amount before reclassification	Adjustment	Amount after reclassification
Cash and Bank balances			
On deposit accounts (with original maturity of 3 months or less)	1,010.0	(430.0)	580.0
Cash and Bank balances			
Other Bank balances			
Deposit due to mature within 12 months from the reporting date	1,664.6	430.0	2,094.6

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No. 101248W / W-100022

Vijay Mathur
Partner
Membership No. 046476

Mumbai: February 12, 2016

For and on behalf of the Board of Directors of FAG Bearings India Limited

Avinash Gandhi
Chairman

Rajendra Anandpara
Managing Director

Satish Patel
Chief Financial Officer

Raj Sarraf
Company Secretary

Mumbai: February 12, 2016

NOTICE

To,
The Member(s),
FAG Bearings India Limited

Notice is hereby given that the 53rd Annual General Meeting of **"FAG BEARINGS INDIA LIMITED"** will be held on Wednesday, April 27, 2016 at 3:00 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai – 400 021, Maharashtra, India, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2015 and the Statement of Profit and Loss for the year ended on that date along with Directors' and Auditors' Report thereon.
2. To declare Dividend for the year ended December 31, 2015.
3. To appoint a Director in place of Mr. Avinash Gandhi (DIN: 00161107), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dietmar Heinrich (DIN: 00928243), who retires by rotation and being eligible offers himself for re-appointment.
5. To ratify the appointment of Auditors and to fix their remuneration.

   To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139 and such other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time and in line with the Ordinary Resolution passed by the Members at 52nd Annual General Meeting held on April 24, 2015, appointment of M/s. B S R & Co. LLP, Chartered Accountants (Reg. No. 101248 W / W-100022), Mumbai, as the Statutory Auditors of the Company (for five years from the conclusion of 52nd Annual General Meeting) be and is hereby ratified to hold office from the conclusion of this Annual General Meeting till the conclusion of 54th Annual General Meeting to be held in the year 2017."

   "RESOLVED FURTHER THAT the Audit Committee and / or Board of Directors be and is hereby authorised to fix their remuneration according to the scope of their services as Statutory Auditors and other permissible assignments, if any, in line with prevailing rules and regulations made in this regard."

   "RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby severally authorised to take necessary actions and complete all the legal formalities related thereto."

SPECIAL BUSINESS

6. Approval on Material Related Party Transactions

   To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

   ''RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and in accordance with the prevailing provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members of the Company be and is hereby accorded to Material Related Party Transactions with "Schaeffler Technologies AG & Co. KG", Germany during the year 2016 and such approval is further accorded to an increase of up to 25% over and above the consolidated value of transactions in the previous year."

   ''RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby severally authorised to take necessary actions and complete all the legal formalities related thereto."

7. Remuneration to the Cost Auditors

   To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

   ''RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, M/s. Y. S. Thakar & Co., Cost Accountants having Firm Registration No. 000318, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending December 31, 2015, be paid a remuneration of ₹ 100,000 (Rupees One Lakh only), excluding all taxes and reimbursement of out of pocket expenses."

"RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby severally authorised to take necessary actions and complete all the legal formalities related thereto."

8. Remuneration to Non-executive Directors

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to other consents, if any, approval of the Company be and is hereby accorded on payment of remuneration to the Non-executive Directors of the Company, by way of profit related commission, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, as recommended by the Nomination & Remuneration Committee (NRC) and the Board of Directors to the extent of ₹ 3.85 million for the year 2015."

"RESOLVED FURTHER THAT subject to overall ceiling as stipulated in the Companies Act, 2013 and in accordance with performance of the Company, the Board of Directors of the Company be and is hereby authorised to increase profit related commission by way of annual increment, as it may think fit based upon the recommendation of NRC, to the extent of ₹ 11.0 million for the period up to and including year 2019."

"RESOLVED FURTHER THAT approval of the Company be and is hereby accorded to the Board of Directors to determine the manner, rate and quantum of remuneration for each individual Non-executive Director who is entitled to receive such remuneration based upon performance evaluation, criteria set forth in the Nomination and Remuneration Policy and recommendations of the NRC, and to do all such acts, deeds, things and to take all such steps as may be required in this regard."

By Order of the Board

Raj Sarraf
Company Secretary
ICSI M. No.: ACS15526

Mumbai: February 12, 2016

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 53rd ANNUAL GENERAL MEETING OF THE COMPANY, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING.
2. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY, PROVIDED THAT SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. The instrument of proxy, duly completed, should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting. No Proxy Form shall be considered as valid on its receipt after 3:00 pm. on April 25, 2016.
4. The Company has notified closure of Register of Members and the Share Transfer Books from April 19, 2016 to April 23, 2016 (both days inclusive) to determine entitlement of dividend on equity shares. The dividend will be paid to those shareholders, whose name appears on the 'Register of Members' of the Company as at the end of business hours on April 18, 2016. The dividend, as recommended by the Board of Directors and if declared at the Annual General Meeting, will be paid within the specified time limit.
   (a) Shareholders, who have not encashed the dividend warrants for the years 2008, 2009, 2010, 2011, 2012, 2013 and 2014 are requested to lodge their request with the Company immediately.
   (b) Pursuant to provisions of Section 205A read with Section 205C of the Companies Act, 1956 unclaimed Dividend up to the year 2007 were transferred to the Investor Education and Protection Fund in time.
5. In terms of Section 72 of the Companies Act, 2013, Nomination facility is available to individual shareholders holding shares in the physical form. The shareholders who are desirous of availing this facility, may kindly write to

NOTICE

Company's Register & Share Transfer Agent (RTA) - M/s. Link Intime India Private Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020, Gujarat, India for nomination form by quoting their folio number.

6. National Electronic Clearing Services (NECS) has been permitted by Reserve Bank of India. Shareholders may fill up the option form and send it to the RTA by March 31, 2016.

7. As per Section 136 of the Companies Act, 2013 read with Rule 11 of Companies (Accounts) Rules, 2014, financial statements may be sent to the Members:

   (a) by electronic mode to such Members whose shares are held in dematerialised form and whose email Ids are registered with Depository for communication purposes;

   (b) where Shares are held in physical form, to such Members who have positively consented in writing for receiving by electronic mode; and

   (c) by dispatch of physical copies through any recognised mode of delivery as specified under Section 20 of the Act, in all other cases.

   In case, you desire to receive the aforesaid documents in electronic mode in lieu of physical mode, kindly update your e-mail ID with:

   (i) Our RTA: for the Shares held in physical form and

   (ii) Your respective Depository Participants: for the Shares held in dematerialised form.

8. Members, who have not yet dematerialised their shares, are recommended to get their shares dematerialised at the earliest.

9. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their votes electronically, through the remote e-voting services provided by Central Depository Services (India) Limited (CDSL), on all the resolutions set forth in this Notice.

   The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, April 20, 2016, may cast their vote electronically.

   The voting right of shareholders shall be in proportion of their share(In the paid up equity share capital of the Company) as on the cut-off date, being April 20, 2016.

   Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Wednesday, April 20, 2016, may obtain User ID and password by sending a request to our RTA i.e M/s Link Intime India Pvt. Ltd., E-mail id:vadodara@linkintime.co.in. However, shareholders who are already registered with CDSL for remote e-voting, can use their existing User ID and password for casting their votes.

   The instructions for shareholders voting electronically are as under:

   (i) The e-voting period will commence from Sunday, April 24, 2016 at 9:00 am (IST) and will end at 5:00 pm (IST) on Tuesday, April 26, 2016. The e-voting module will be disabled on April 26, 2016 at 5:00 pm (IST).

   (ii) The shareholders should log on to the e-voting website www.evotingindia.com.

   (iii) Now click on shareholders to cast your votes.

   (iv) Now Enter your User ID

   a) For Members holding shares in Demat Form:

   - For CDSL: 16 digits beneficiary ID,
   - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   b) For Members holding shares in Physical Form:

   Enter Folio Number registered with the Company.

   (v) Next enter the Image Verification as displayed and click on Login.

   (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

   (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number printed on attendance slip.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the dividend bank details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter the DOB or dividend bank details in order to login. If the details are not recorded with the depository or Company then please enter the member id / folio number in the dividend bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat account holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant 'FAG Bearings India Limited' for which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then 'Enter' the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Corporate / Institutional Members Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

10. Statement under Section 102 of the Companies Act, 2013 in respect of Item nos. 6 to 8 under "Special Business", is attached hereto. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10:00 am and 5:00 pm on any working day up to the date of Annual General Meeting.

ANNEXURE TO NOTICE

Statement under Section 102 of the Companies Act, 2013 relating to Special Business mentioned in the Notice convening the 53rd Annual General Meeting;

ITEM No. 6
Approval on Material Related Party Transactions

In order to sustain quality standards of the Schaeffler Group, quantitative benefits, ease of customer reach, global representation and in the best interest of the Company and its shareholders, major transactions of the Company pertaining to sale, purchase or supply of goods, materials & services have been since long with Schaeffler Group Company, i.e. Schaeffler Technologies AG & Co. KG, Germany. Considering the prevailing market trend these transactions will continue in the year 2016 and thereafter with an increase of up to 25% over and above the consolidated value of transactions in the previous year.

These transactions as well as the proposed transactions would continue to be in ordinary course of business and at arm's length basis.

Pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, all 'Material Related Party Transactions' will require approval of the Members through an Ordinary Resolution.

Since the aggregate value of these transactions (year to date plus proposed in 2016) is likely to exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, the said transactions would be considered to be Material Related Party Transactions for the purpose of provisions of Regulation 23 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, and will thus require approval of the Members of the Company through an Ordinary Resolution. The Audit Committee and the Board of Directors have reviewed major terms & conditions of these transactions and recommend to the members for their approval by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No. 6 of the notice except to the extent of their shareholding or employment in the Company, its Holding Company or Associate Group Company.

The Board recommends the Resolution under Item No. 6 of the notice for approval of the Members as an Ordinary Resolution.

ITEM No. 7
Remuneration to the Cost Auditors

The Board of Directors, at its meeting held on February 11, 2015, upon the recommendation of the Audit Committee, approved the appointment of M/s Y. S. Thakar & Co., Cost Accountants, as Cost Auditors of the Company for conducting the Cost Audit of the Company, for the Financial Year ending December 31, 2015 at a remuneration of ₹ 1 lakh (Rupees One Lakh only), excluding all taxes and out of pocket expenses.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration to be paid to the Cost Auditors of that Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 7 of the notice for ratification of the remuneration payable to the Cost Auditors.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No. 7 of the notice.

The Board recommends the Resolution under Item No. 7 of the notice for approval of the Members as an Ordinary Resolution.

ITEM No. 8
Remuneration to the Non-executive Directors

In accordance with the Nomination and Remuneration Policy of the Company (hereinafter referred as the 'Policy'), the remuneration payable to each Non-executive Director (including Independent Directors) will be based on the remuneration structure as determined by the Board depending upon performance, and be paid under the categories viz. 'Sitting Fee' and 'Profit Related Commission'. It is further stated in the Policy that Non-executive Directors, who are in whole-time employment with other Associate Companies of the Schaeffler Group, will not be entitled for any remuneration, from the Company.

Subject to approval of the shareholders, in accordance with the Policy and pursuant to recommendation of the Nomination & Remuneration Committee (NRC) and the Board of Directors, the Non-executive Directors shall be entitled for the remuneration as under;

a. Sitting Fee:
   As per the approval of the Board or maximum limit prescribed in the Companies Act, 2013 read with rules made thereunder, whichever is lesser.

b. Profit Related Commission:
   An aggregate amount of ₹ 3.85 million for the year 2015 and within the maximum of ₹ 11.0 million per annum (provided it does not exceed the maximum limit prescribed in the Companies Act, 2013 read with rules made thereunder) for the period up to and including 2019; as may be decided by the Board of Directors.

The resolution under item no. 8 of the notice is in accordance with prevailing regulatory requirements and the maximum permissible limits calculated in accordance with provisions of the Sections 197 & 198 of the Companies Act, 2013 that can be paid to the Non-executive Directors of the Company (both existing and any future appointments that may be made on the Board).

None of the Directors (except respective Non-executive Director) or Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise, in the aforesaid resolution except to the extent of their shareholding, if any, in the Company.

The Board recommends the resolution under Item No. 8 of the notice for approval of the Members as an Ordinary Resolution.

By Order of the Board

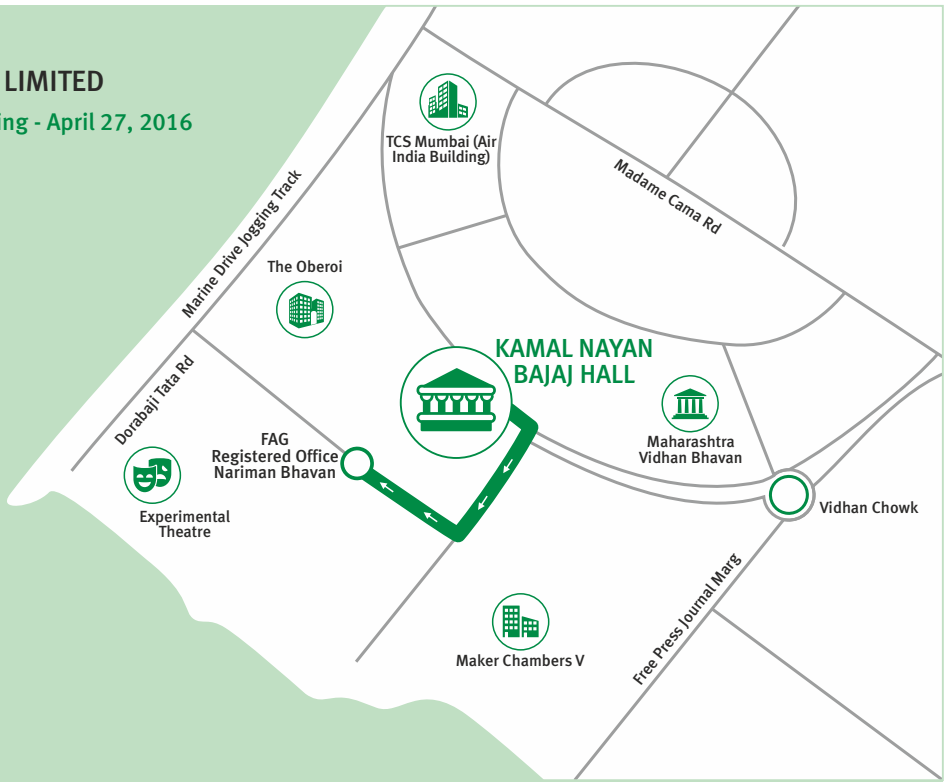
Raj Sarraf
Company Secretary
ICSI M. No.: ACS15526

Mumbai: February 12, 2016

ROUTE MAP FOR AGM

FAG BEARINGS INDIA LIMITED

53rd Annual General Meeting - April 27, 2016



AGM VENUE
Kamalnayan Bajaj Hall,
Ground Floor, Bajaj Bhavan,
Jamnalal Bajaj Marg,
226 Nariman Point,
Mumbai – 400 021,
Maharashtra, India

FORM

(Shareholders' option to receive documents through e-mail)

To,

Link Intime India Private Limited
The Registrar & Share Transfer Agent
Unit: FAG Bearings India Limited
B-102 & 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota,
Vadodara - 390 020 Gujarat, India
E-mail: vadodara@linkintime.co.in
Ph. No.: 0265 - 2356573, 2356794

Dear Sir(s),

Subject: Update my / our e-mail address(es) in your records.

Please note my / our following e-mail address(es) and send notice / documents through electronic mode in future:

1	Name of the Shareholder / Beneficial Owner
2	Registered Folio / DP ID and Client ID
3	No. of shares
4	E-mail address of the first named Shareholder / Beneficial Owner
5	E-mail address of the second / third named Shareholder / Beneficial Owner
6	Contact Numbers

Date: **Place:**

Signature of the Shareholder / Beneficial Owner

PROXY FORM

Form No. MGT - 11

FAG BEARINGS INDIA LIMITED

CIN - L29130MH1962PLC012340

Regd. Office: 'Nariman Bhavan', 8th Floor, 227, Backbay Reclamation, Nariman Point, MUMBAI - 400 021, Maharashtra, India

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

53rd Annual General Meeting - April 27, 2016

Name of the Member(s)	
Registered address	
E-mail ID	
Folio No. / Client ID	**DP ID**

I / We, being the member(s) of _____ shares of the above named Company, hereby appoint

1 | Name

Address

E-mail ID

Signature , or failing him

2 | Name

Address

E-mail ID

Signature , or failing him

3 | Name

Address

E-mail ID

Signature

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 53rd Annual General Meeting of the Company, to be held on Wednesday, the 27th day of April, 2016 at 03.00 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan. Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai - 400 021, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

1. To receive, consider and adopt the Financial Statements including Balance Sheet as at December 31, 2015 and the Statement of Profit and Loss for the year ended on that date along with Directors' and Auditors' Report thereon.
2. To declare dividend for the year ended December 31, 2015.
3. To appoint a Director in place of Mr. Avinash Gandhi, (DIN: 00161107) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dietmar Heinrich, (DIN:00928243) who retires by rotation and being eligible offers himself for re-appointment.
5. To ratify the appointment of Auditors and to fix their remuneration.

Special Business

6. Approval on Material Related Party Transactions.
7. Remuneration to the Cost Auditors.
8. Remuneration to the Non-executive Director.

Signed this *(Date)* day of *(Month)* 2016.

₹ 1 Revenue Stamp with Proxy's Signature

Signature of Shareholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NATIONAL ELECTRONIC CLEARING SERVICE (NECS)

(Credit clearing)

Dear Shareholder,

You can avail of the NECS facility, NECS operates as under:

- You need to send the NECS Form given overleaf after filling up the relevant details to the registrar.
- The Company would instruct its dividend banker to credit your account. Your account would get an immediate credit with marking 'NECS' for the amount of dividend.
- This is an alternative mode of payment and is optional. You would have the right to withdraw from this mode of payment by giving an advance notice of 6 weeks.
- If you are agreeable to participate in the new payment mechanism, you are requested to fill in the Mandate Form given overleaf. The information to be supplied should be accurate and complete in all respects. The NECS Form should reach the registrar latest by April 1, 2016, who will inform the shareholders opting for this facility about the credit of dividend amount.
- Those shareholders who prefer to get dividend warrant and who have not given bank details so far may send the details for printing on dividend warrant.

  (i) Shareholders with shares in demat mode may send their bank details to their respective depository participants.

  (ii) Shareholders with physical shares may write to the Registrar or the Company.

NECS / BANK MANDATE UPDATE FORM

(Shareholders' option to receive payments through Credit Clearing Mechanism)

FOR SHARES HELD IN PHYSICAL MODE	FOR SHARES HELD IN ELECTRONIC MODE
To, **Link Intime India Private Limited** **Registrar & Share Transfer Agent** **Unit: FAG Bearings India Limited** B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, VADODARA - 390 020 Gujarat, India E-mail: vadodara@linkintime.co.in Ph. No.: 0265 - 2356573, 2356794	To, *(Name & Address of Depository Participant)*

Dear Sir(s),

Sub.: Payment of Dividend through NECS (NECS Mandate Form)

I / We hereby give my / our mandate to credit my / our Dividend on the share(s) held by me / us, under the Demat Account mentioned directly to my / our Bank Account through the National Electronic Clearing System (NECS) / to prepare my / our dividend warrant with details of my / our Bank Account No. and Name of the Bank & Branch.

The Details of the Bank Account are given below.

Name of First / Sole Shareholder **(in BLOCK letters)**

Folio Number as appearing on Share Certificate / **DP ID & Client ID**

Name of the Bank in full

Branch Name

Address & Telephone No. of the Bank

9 Digit Code No. of the Bank & Branch as appearing on the **MICR** Cheque issued by the Bank

Type of Account with Code ☐ **Saving Bank - 10** ☐ **Current - 11** ☐ **Cash Cr. - 13**

A/c No. as appearing on the Cheque Book	Bank Ledger No. / Bank Ledger Folio No. (if any, appearing on the Cheque Book)	PAN / GIR No.

Address of the Shareholder

I / We enclose a blank cancelled cheque / photocopy of cheque / front page of Savings Bank Passbook to enable you to verify the details. **(This is required only in case of NECS).**

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I / We would not hold the Company / the user institution responsible. I / We undertake to inform any subsequent changes in the above particulars before the relevant Book Closure Date(s). I / We understand that, the above details shall be maintained by you till I / We hold the shares in physical / electronic mode under the captioned Folio No. / DP ID & Client ID.

Date: **Place:** Signature of Sole / First Shareholder

HOPE for the Better Future

FAG Bearings India Limited

Maneja, Vadodara - 390 013
Gujarat, India.
Tel.: +91 265 6602000 - 2004
Fax: +91 265 2638804
www.schaeffler.co.in

cognito