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