

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of FAG Roller Bearings Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of FAG Roller Bearings Private Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2014 and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

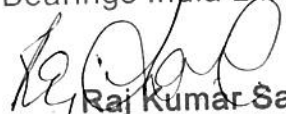
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

For FAG Bearings India Limited


Raj Kumar Sarraf
Company Secretary
ICSI M. No. - ACS 15526

Independent Auditors' Report (Continued)

FAG Roller Bearings Private Limited

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2014; and
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

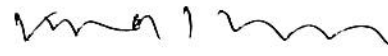
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) we have 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 and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - (e) on the basis of written representations received from the directors as on 31 December 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Vijay Mathur

Partner

Membership No: 046476

Mumbai

Date: 27 February 2015



FAG Roller Bearings Private Limited

Annexure to Independent Auditors' Report – 31 December 2014

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.
- (c) No fixed assets were disposed off during the year.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (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 301 of the Act / Section 189 of the Companies Act, 2013 (as applicable). 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, there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under Section 301 of the Act / Section 189 of the Companies Act, 2013 (as applicable).
- (vi) The Company has not accepted any deposits from public.

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## FAG Roller Bearings Private Limited

### Annexure to Independent Auditors' Report – 31 December 2014 (Continued)

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) 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 209(1)(d) of the Act / Section 128 of the Companies Act, 2013 (as applicable), in respect of machine building 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.
- (ix) (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, 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 though there have been few delays in case of Service Tax, VAT and CST.
- 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, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 December 2014 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.
- (x) *The accumulated losses of the Company have exceeded fifty per cent of its net worth as at the end of the year.* The Company has not incurred cash losses in the financial year or in the immediately preceding financial year.
- (xi) 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.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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.



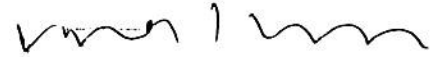
## FAG Roller Bearings Private Limited

### Annexure to Independent Auditors' Report – 31 December 2014 (Continued)

- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) As stated in paragraph (iii) above, there are no companies/firms/parties covered in the register required to be maintained under Section 301 of the Act / Section 189 of the Companies Act, 2013 (as applicable). Accordingly, paragraph (xviii) of the Order is not applicable.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) 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 Registration No: 101248W/W-100022



Vijay Mathur  
Partner

Membership No: 046476

Mumbai  
Date: 27 February 2015



# FAG Roller Bearings Private Limited

## Balance sheet

as at 31 December 2014

(Currency: Indian Rupees)

|                                | Note | 31 December 2014    | 31 December 2013    |
|--------------------------------|------|---------------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                     |                     |
| <b>Shareholders' funds</b>     |      |                     |                     |
| Share capital                  | 2    | 17,40,00,000        | 17,40,00,000        |
| Reserves and surplus           | 3    | (10,94,34,476)      | (11,85,19,822)      |
|                                |      | 6,45,65,524         | 5,54,80,178         |
| <b>Non-current liabilities</b> |      |                     |                     |
| Long-term provisions           | 4    | 79,54,044           | 51,06,644           |
|                                |      | 79,54,044           | 51,06,644           |
| <b>Current liabilities</b>     |      |                     |                     |
| Trade payables                 | 5    | 2,68,03,154         | 7,64,02,558         |
| Other current liabilities      | 6    | 13,84,90,165        | 4,15,27,954         |
| Short-term provisions          | 7    | 29,08,086           | 5,14,203            |
|                                |      | 16,82,01,405        | 11,84,44,715        |
| <b>TOTAL</b>                   |      | <b>24,07,20,973</b> | <b>17,90,31,537</b> |
| <b>ASSETS</b>                  |      |                     |                     |
| <b>Non-current assets</b>      |      |                     |                     |
| <b>Fixed assets</b>            |      |                     |                     |
| Tangible assets                | 8    | 2,00,47,370         | 2,16,65,614         |
| Intangible assets              | 8    | -                   | -                   |
| Capital work-in-progress       | 8    | 9,03,686            | 66,553              |
| Long term loans and advances   | 9    | 9,66,790            | 14,44,665           |
|                                |      | 2,19,17,846         | 2,31,76,832         |
| <b>Current Assets</b>          |      |                     |                     |
| Inventories                    | 10   | 7,22,96,210         | 6,75,35,614         |
| Trade receivables              | 11   | 2,28,33,436         | 93,48,481           |
| Cash and bank balances         | 12   | 11,31,10,873        | 7,50,85,297         |
| Short-term loans and advances  | 13   | 82,49,117           | 38,08,571           |
| Other current assets           | 14   | 23,13,490           | 76,742              |
|                                |      | 21,88,03,127        | 15,58,54,705        |
| <b>TOTAL</b>                   |      | <b>24,07,20,973</b> | <b>17,90,31,537</b> |

Significant accounting policies

Notes to the financial statements

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

1  
22-32

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Vijay Mathur

Partner

Membership No: 046476

For and on behalf of the Board of Directors of  
FAG Roller Bearings Private Limited

Satish Patel  
Director

Sameer Mathur  
Director

Mumbai

Vadodara

27 FEB 2015





# FAG Roller Bearings Private Limited

## Statement of profit and loss

for the year ended 31 December 2014

(Currency: Indian Rupees)

|                                                                                    | Note  | 31 December 2014 | 31 December 2013 |
|------------------------------------------------------------------------------------|-------|------------------|------------------|
| <b>Revenue from operations</b>                                                     | 15    |                  |                  |
| Sale of products (gross)                                                           |       | 16,19,52,247     | 20,17,23,942     |
| Less: Excise duty                                                                  |       | 1,24,70,891      | 2,06,01,252      |
| Sale of products (net)                                                             |       | 14,94,81,355     | 18,11,22,690     |
| Sale of services                                                                   |       | 98,07,498        | 86,46,264        |
| Other operating revenues                                                           |       | 37,31,417        | 2,83,019         |
| Total                                                                              |       | 16,30,20,270     | 19,00,51,973     |
| <b>Other income</b>                                                                | 16    | 35,44,671        | 19,00,990        |
| <b>Total revenue</b>                                                               |       | 16,65,64,941     | 19,19,52,963     |
| <b>Expenses</b>                                                                    |       |                  |                  |
| Cost of materials consumed                                                         | 17    | 10,06,13,815     | 6,12,86,772      |
| Changes in inventories of work-in-progress                                         | 18    | (1,35,35,813)    | 6,18,56,665      |
| Employee benefit expenses                                                          | 19    | 4,78,13,343      | 4,39,47,214      |
| Finance costs                                                                      | 20    | -                | 9,58,844         |
| Depreciation and amortisation                                                      | 8     | 21,74,775        | 21,95,920        |
| Other expenses                                                                     | 21    | 1,79,98,445      | 2,30,68,051      |
| <b>Total expenses</b>                                                              |       | 15,50,64,565     | 19,33,13,466     |
| <b>Profit / (Loss) before tax</b>                                                  |       | 1,15,00,376      | -13,60,503       |
| Income tax expense                                                                 |       |                  |                  |
| Current tax                                                                        |       | 24,15,030        | -                |
| Deferred tax                                                                       |       | -                | -                |
| <b>Profit / (Loss) for the year</b>                                                |       | 90,85,346        | -13,60,503       |
| Earnings per equity share [Nominal value of share Rs.10 each (2012 : Rs. 10 each)] | 28    |                  |                  |
| Basic                                                                              |       | 0.52             | -0.08            |
| Significant accounting policies                                                    | 1     |                  |                  |
| Notes to the financial statements                                                  | 22-32 |                  |                  |
| The notes referred to above form an integral part of the financial statements      |       |                  |                  |

As per our report of even date attached.

For BSR & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Vijay Mathur  
Partner  
Membership No: 046476

For and on behalf of the Board of Directors of  
FAG Roller Bearings Private Limited

Satish Patel  
Director

Sameer Mathur  
Director

Mumbai

Vadodara

27 FEB 2015



# FAQ Roller Bearings Private Limited

## Notes to the financial statements

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 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 the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The Company is a Small and Medium Sized enterprise (SMC) as defined in general instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards in so far as they are applicable to a Small and Medium Sized company.

#### 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.

#### C) Fixed assets

(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.

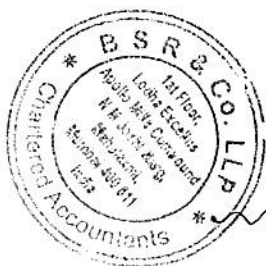
##### (II) Depreciation

###### a) Tangible assets:

- i) Assets individually costing Rs. 5,000 or less are depreciated fully in the year when the assets are put to use.
- ii) In respect of the other assets, depreciation is provided on straight line method at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956.

###### b) Intangible assets:

These are amortised equally over a period of three years.





# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 1. Statement of significant accounting policies (Continued)

#### 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. An impairment loss is recognized 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 assets over its remaining useful life.

#### E) Inventory

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 is valued on full absorption cost basis and includes appropriate share of material, labour and factory overheads.

#### F) 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 at the date of transaction.

##### *Conversion*

Foreign currency monetary items are reported using the closing rate.

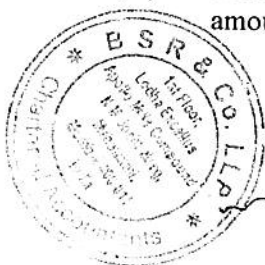
##### *Exchange differences*

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 recognized as income or as expenses in the year in which they arise.

#### G) Revenue recognition

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

- (i) Sales of goods are recognized when significant risks and rewards associated with ownership are transferred to the buyer. Sales are exclusive of sales tax.
- (ii) Sales of services are recognised when the service has been provided.
- (iii) Interest income is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 1. Statement of Significant accounting policies (Continued)

#### H) Employee benefits

##### *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.

##### *Post employment benefit (defined benefit plans):*

All employees are covered under Employee's Gratuity Scheme which is a defined benefit plan. All actuarial gains/losses arising during the accounting year are recognised immediately in the Statement of Profit and Loss as income or expense.

##### *Post employment benefit (defined contribution plans):*

All employees are covered under contributory provident fund benefit of a contribution of 12% of salary and certain allowances. The defined contributions are charged to Statement of Profit and Loss of the year when the contributions are due.

##### *Long term employee benefits:*

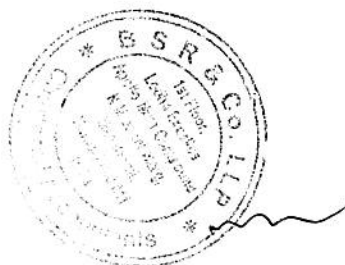
Long term employee benefits comprise of compensated absences. These are measured on the basis of year-end actuarial valuation in pursuance of the Company's leave rules.

#### I) 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 taxes reflects 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 recognized 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, all 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 unrecognized deferred tax assets. It recognises unrecognized 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.



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 1. Statement of Significant accounting policies (Continued)

#### J) 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.

#### K) Operating Lease

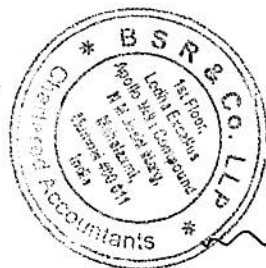
Lease, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset during the lease term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and loss on a straight-line basis over the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

#### L) Provisions

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, 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.



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

as at 31 December 2014

(Currency: Indian Rupees)

31 December 2014 31 December 2013

### 2 Share capital

#### Authorised

20,000,000 (31 December 2013: 20,000,000) equity shares of Rs. 10/- each

|              |              |
|--------------|--------------|
| 20,00,00,000 | 20,00,00,000 |
| 20,00,00,000 | 20,00,00,000 |

#### Issued, subscribed and paid-up

17,400,000 (31 December 2013: 17,400,000) equity shares of Rs. 10/- each

|              |              |
|--------------|--------------|
| 17,40,00,000 | 17,40,00,000 |
| 17,40,00,000 | 17,40,00,000 |

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

|                                                                | As at 31 December 2014 |              | As at 31 December 2013 |              |
|----------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
|                                                                | Number                 | Amount       | Number                 | Amount       |
| <b>Equity shares</b>                                           |                        |              |                        |              |
| Shares outstanding at the beginning and at the end of the year | 1,74,00,000            | 17,40,00,000 | 1,74,00,000            | 17,40,00,000 |

#### 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.

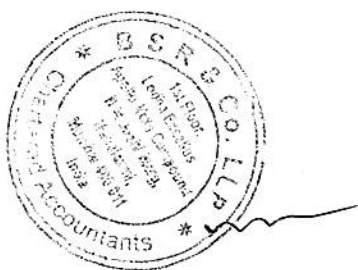
#### Shares held by holding/ ultimate holding company and/or their subsidiaries/associates.

| Name of Shareholder                | As at 31 December 2014 |              | As at 31 December 2013 |              |
|------------------------------------|------------------------|--------------|------------------------|--------------|
|                                    | No. of Shares held     | Amount       | No. of Shares held     | Amount       |
| INA Bearings India Private Limited | 85,26,000              | 8,52,60,000  | 85,26,000              | 8,52,60,000  |
| FAG Kugelfischer GmbH              | 45,24,000              | 4,52,40,000  | 45,24,000              | 4,52,40,000  |
| FAG Bearings India Limited         | 43,50,000              | 4,35,00,000  | 43,50,000              | 4,35,00,000  |
|                                    | 1,74,00,000            | 17,40,00,000 | 1,74,00,000            | 17,40,00,000 |

#### Particulars of shareholders holding more than 5% shares of a class of shares

| Name of Shareholder                | As at 31 December 2014 |                   | As at 31 December 2013 |                   |
|------------------------------------|------------------------|-------------------|------------------------|-------------------|
|                                    | No. of Shares held     | % of total shares | No. of Shares held     | % of total shares |
| INA Bearings India Private Limited | 85,26,000              | 49%               | 85,26,000              | 49%               |
| FAG Kugelfischer GmbH              | 45,24,000              | 26%               | 45,24,000              | 26%               |
| FAG Bearings India Limited         | 43,50,000              | 25%               | 43,50,000              | 25%               |

The Company's Board of Directors have approved the transfer of all equity shares held by INA Bearings India Private Limited and FAG Kugelfischer GmbH with effect from 1 January 2015 to FAG Bearings India Limited. Accordingly, FAG Bearings India Limited has become holding company from that date.



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued) as at 31 December 2014

(Currency: Indian Rupees)

|                                                                          | 31 December 2014      | 31 December 2013      |
|--------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>3 Reserves and surplus</b>                                            |                       |                       |
| Surplus (profit and loss balance)                                        |                       |                       |
| At the commencement of the year                                          | (11,85,19,822)        | (11,71,59,319)        |
| Add: Net profit/(loss) for the current year                              | 90,85,346             | -13,60,503            |
| <b>Total</b>                                                             | <b>(10,94,34,476)</b> | <b>(11,85,19,822)</b> |
| <b>4 Long-term provisions</b>                                            |                       |                       |
| Provision for employees benefits                                         |                       |                       |
| Leave encashment                                                         | 60,59,856             | 39,66,309             |
| Gratuity                                                                 | 18,94,188             | 11,40,335             |
| <b>Total</b>                                                             | <b>79,54,044</b>      | <b>51,06,644</b>      |
| <b>5 Trade payables</b>                                                  |                       |                       |
| Trade payables                                                           | 2,68,03,154           | 7,64,02,558           |
| <b>Total</b>                                                             | <b>2,68,03,154</b>    | <b>7,64,02,558</b>    |
| For dues to micro and small suppliers, refer note 30                     |                       |                       |
| <b>6 Other current liabilities</b>                                       |                       |                       |
| Employee liabilities                                                     |                       |                       |
| - ESIC payable                                                           | 600                   | 1,447                 |
| - Provident fund payable                                                 | 2,42,644              | 2,20,718              |
| - Personnel cost                                                         | 1,76,996              | 1,04,890              |
| - Leave travel allowance                                                 | 8,37,710              | 1,40,448              |
| - Professional Tax Salaries                                              | 13,600                | -                     |
| Excise duty payable                                                      | -                     | 12,00,000             |
| CST payable                                                              | 1,47,812              | 1,73,358              |
| VAT payable                                                              | -                     | 8,06,477              |
| TDS payable                                                              | 60,710                | 50,455                |
| Creditors for capital goods                                              | -                     | 66,553                |
| Accrued expenses                                                         | 16,00,500             | 11,23,466             |
| Advance received from customers                                          | 13,54,09,592          | 3,76,40,142           |
| <b>Total</b>                                                             | <b>13,84,90,165</b>   | <b>4,15,27,954</b>    |
| <b>7 Short-term provisions</b>                                           |                       |                       |
| Provision for employees benefits                                         |                       |                       |
| Current portion of Leave encashment                                      | 7,28,247              | 4,90,946              |
| Current portion of Gratuity                                              | 40,047                | 23,257                |
| Provision for Income Tax (net of TDS receivable Rs. 275,238 (2013: Nil)) | 21,39,792             | -                     |
| <b>Total</b>                                                             | <b>29,08,086</b>      | <b>5,14,203</b>       |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

as at 31 December 2014

(Currency: Indian Rupees)

### 8 Tangible fixed assets

|                                       | Plant and<br>Equipment | Furnitures and<br>Fixtures | Data Processing<br>Equipment | Office Equipments | Total              |
|---------------------------------------|------------------------|----------------------------|------------------------------|-------------------|--------------------|
| <b>Gross block</b>                    |                        |                            |                              |                   |                    |
| Balance as at 1 January 2012          | 2,53,30,697            | 29,16,469                  | 43,13,848                    | 3,19,031          | 3,28,80,045        |
| Additions                             | 36,15,313              | 8,81,073                   | 5,20,146                     | 74,099            | 50,90,631          |
| Disposals                             | -                      | -                          | -                            | -                 | -                  |
| <b>Balance as at 31 December 2012</b> | <b>2,89,46,010</b>     | <b>37,97,542</b>           | <b>48,33,994</b>             | <b>3,93,130</b>   | <b>3,79,70,676</b> |
| Balance as at 1 January 2013          | 2,89,46,010            | 37,97,542                  | 48,33,994                    | 3,93,130          | 3,79,70,676        |
| Additions                             | 3,35,777               | 1,26,358                   | -                            | -                 | 4,62,135           |
| Disposals                             | -                      | -                          | -                            | 79,670            | 79,670.00          |
| <b>Balance as at 31 December 2013</b> | <b>2,92,81,787</b>     | <b>39,23,900</b>           | <b>48,33,994</b>             | <b>3,13,460</b>   | <b>3,83,53,141</b> |
| Balance as at 1 January 2014          | 2,92,81,787            | 39,23,900                  | 48,33,994                    | 3,13,460          | 3,83,53,141        |
| Additions                             | 1,72,457               | -                          | 3,66,866                     | 17,208            | 5,56,531           |
| Disposals                             | -                      | -                          | -                            | -                 | -                  |
| <b>Balance as at 31 December 2014</b> | <b>2,94,54,244</b>     | <b>39,23,900</b>           | <b>52,00,860</b>             | <b>3,30,668</b>   | <b>3,89,09,672</b> |
| <b>Depreciation</b>                   |                        |                            |                              |                   |                    |
| Balance as at 1 January 2012          | 1,00,08,829            | 4,89,922                   | 17,84,190                    | 1,51,158          | 1,24,34,099        |
| Depreciation for the year             | 12,84,438              | 1,86,858                   | 6,13,054                     | 12,059            | 20,96,409          |
| <b>Balance as at 31 December 2012</b> | <b>1,12,93,267</b>     | <b>6,76,780</b>            | <b>23,97,244</b>             | <b>1,63,217</b>   | <b>1,45,30,508</b> |
| Balance as at 1 January 2013          | 1,12,93,267            | 6,76,780                   | 23,97,244                    | 1,63,217          | 1,45,30,508        |
| Depreciation for the year             | 13,79,548              | 2,30,490                   | 5,72,146                     | 13,736            | 21,95,920          |
| Accumulated depreciation on disposals | -                      | -                          | -                            | 38,901            | 38,901             |
| <b>Balance as at 31 December 2013</b> | <b>1,26,72,815</b>     | <b>9,07,270</b>            | <b>29,69,390</b>             | <b>1,38,052</b>   | <b>1,66,87,527</b> |
| Balance as at 1 January 2014          | 1,26,72,815            | 9,07,270                   | 29,69,390                    | 1,38,052          | 1,66,87,527        |
| Depreciation for the year             | 13,85,602              | 2,32,747                   | 5,44,961                     | 11,465            | 21,74,775          |
| Accumulated depreciation on disposals | -                      | -                          | -                            | -                 | -                  |
| <b>Balance as at 31 December 2014</b> | <b>1,40,58,417</b>     | <b>11,40,017</b>           | <b>35,14,351</b>             | <b>1,49,517</b>   | <b>1,88,62,302</b> |
| <b>Net Block</b>                      |                        |                            |                              |                   |                    |
| As At 31 December 2013                | 1,66,08,972            | 30,16,630                  | 18,64,604                    | 1,75,408          | 2,16,65,614        |
| As At 31 December 2014                | 1,53,95,827            | 27,83,883                  | 16,86,509                    | 1,81,151          | 2,00,47,370        |





# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued) as at 31 December 2014

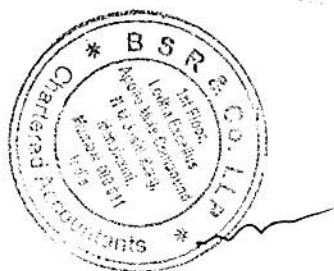
(Currency: Indian Rupees)

### 8 Intangible fixed assets

|                                           | Non compete fees | Total       |
|-------------------------------------------|------------------|-------------|
| <b>Gross block</b>                        |                  |             |
| Balance as at 1 January 2012              | 1,00,00,000      | 1,00,00,000 |
| Balance as at 31 December 2012            | 1,00,00,000      | 1,00,00,000 |
| Balance as at 1 January 2013              | 1,00,00,000      | 1,00,00,000 |
| Balance as at 31 December 2013            | 1,00,00,000      | 1,00,00,000 |
| Balance as at 1 January 2014              | 1,00,00,000      | 1,00,00,000 |
| Balance as at 31 December 2014            | 1,00,00,000      | 1,00,00,000 |
| <b>Amortisation and impairment losses</b> |                  |             |
| Balance as at 1 January 2012              | 1,00,00,000      | 1,00,00,000 |
| Balance as at 31 December 2012            | 1,00,00,000      | 1,00,00,000 |
| Balance as at 1 January 2013              | 1,00,00,000      | 1,00,00,000 |
| Balance as at 31 December 2013            | 1,00,00,000      | 1,00,00,000 |
| Balance as at 1 January 2014              | 1,00,00,000      | 1,00,00,000 |
| Balance as at 31 December 2014            | 1,00,00,000      | 1,00,00,000 |
| <b>Net Block</b>                          |                  |             |
| As At 31 December 2013                    | -                | -           |
| As At 31 December 2014                    | -                | -           |

### 8 Capital work in progress

| Tangible                           | Plant and Equipment | Furnitures and Fixtures | Data Processing Equipment | Office Equipment | Total     |
|------------------------------------|---------------------|-------------------------|---------------------------|------------------|-----------|
| Balance as at 1 January 2012       | 21,67,670           | -                       | -                         | -                | 21,67,670 |
| Additions                          | 14,47,643           | 8,81,073                | 5,20,146                  | 74,099           | 29,22,961 |
| Assets capitalised during the year | 36,15,313           | 8,81,073                | 5,20,146                  | 74,099           | 50,90,631 |
| Balance as at 31 December 2012     | -                   | -                       | -                         | -                | -         |
| Balance as at 1 January 2013       | -                   | -                       | -                         | -                | -         |
| Additions                          | 3,35,777            | 1,26,358                | 66,553                    | -                | 5,28,688  |
| Assets capitalised during the year | 3,35,777            | 1,26,358                | -                         | -                | 4,62,135  |
| Balance as at 31 December 2013     | -                   | -                       | 66,553                    | -                | 66,553    |
| Balance as at 1 January 2014       | -                   | -                       | 66,553                    | -                | 66,553    |
| Additions                          | 5,40,088            | -                       | 8,36,368                  | 17,208           | 13,93,664 |
| Assets capitalised during the year | 1,72,457            | -                       | 3,66,866                  | 17,208           | 5,56,531  |
| Balance as at 31 December 2014     | 3,67,631            | -                       | 5,36,055                  | -                | 9,03,686  |



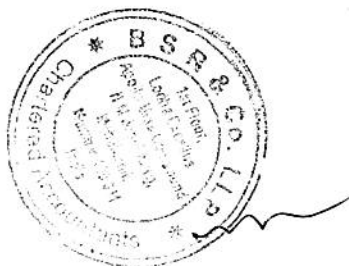
# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

as at 31 December 2014

(Currency: Indian Rupees)

|                                                                                                             | 31 December 2014    | 31 December 2013   |
|-------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>9 Long-term loans and advances</b>                                                                       |                     |                    |
| (unsecured and considered good)                                                                             |                     |                    |
| Security deposits                                                                                           | 9,66,790            | 9,66,790           |
| Balance with tax authorities                                                                                | -                   | 4,77,875           |
| TDS receivable                                                                                              | -                   | -                  |
| <b>Total</b>                                                                                                | <b>9,66,790</b>     | <b>14,44,665</b>   |
| <b>10 Inventories</b>                                                                                       |                     |                    |
| (Valued at the lower of cost and net realisable value)                                                      |                     |                    |
| Raw materials                                                                                               | 35,22,720           | 1,23,39,450        |
| Work-in-progress                                                                                            | 6,66,01,241         | 5,30,65,428        |
| Stores and spares                                                                                           | 18,06,733           | 19,87,531          |
| Goods-in-transit                                                                                            | 3,65,516            | 1,43,205           |
| <b>Total</b>                                                                                                | <b>7,22,96,210</b>  | <b>6,75,35,614</b> |
| <b>11 Trade receivables</b>                                                                                 |                     |                    |
| Trade receivables outstanding for a period exceeding six months from the date they became due for payment   |                     |                    |
| Unsecured, considered good                                                                                  | 43,15,842           | 85,07,589          |
| Doubtful                                                                                                    | -                   | -                  |
| Less: Provision for doubtful debts                                                                          | -                   | -                  |
| (A)                                                                                                         | 43,15,842           | 85,07,589          |
| <b>Other receivables</b>                                                                                    |                     |                    |
| Unsecured, considered good                                                                                  | 1,85,17,594         | 8,40,892           |
| (B)                                                                                                         | 1,85,17,594         | 8,40,892           |
| <b>Total</b>                                                                                                | <b>2,28,33,436</b>  | <b>93,48,481</b>   |
| <b>12 Cash and bank balances</b>                                                                            |                     |                    |
| <b>Cash and cash equivalents</b>                                                                            |                     |                    |
| -Cash on hand                                                                                               | -                   | -                  |
| -Balances with banks                                                                                        |                     |                    |
| On current accounts                                                                                         | 41,10,873           | 1,30,85,297        |
| On deposit accounts (with original maturity of 3 months or less)                                            | 2,40,00,000         | 4,20,00,000        |
|                                                                                                             | 2,81,10,873         | 5,50,85,297        |
| Other bank balances                                                                                         | 8,50,00,000         | 2,00,00,000        |
| <b>Total</b>                                                                                                | <b>11,31,10,873</b> | <b>7,50,85,297</b> |
| <b>Details of other bank balances/deposits</b>                                                              |                     |                    |
| Bank deposits due to mature within 12 months of the reporting date are included under 'Other bank balances' | 8,50,00,000         | 2,00,00,000        |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued) as at 31 December 2014

(Currency: Indian Rupees)

31 December 2014

31 December 2013

### 13 Short terms loans and advances

#### To parties other than related parties

(unsecured, considered good)

Balance with tax authorities

Service tax credit receivable

17,75,666

1,18,851

CENVAT credit receivable

26,31,550

5,94,629

VAT credit receivable

3,88,440

-

Advances to employees

11,23,625

2,75,782

Balance with The New India Assurance Co Ltd

1,23,175

43,904

Prepaid expenses

4,94,248

3,95,515

Advances for supply of goods

17,12,413

11,77,718

(A)

82,49,117

26,06,399

To related parties

(unsecured, considered good)

Advance recoverable from fellow subsidiary

(B)

-

12,02,172

-

12,02,172

Total (A+B)

82,49,117

38,08,571

Advance recoverable from fellow subsidiary represents advances given to Schaeffler Technology, fellow subsidiary Rs. Nil (2013: 1,202,172).

### 14 Other current assets

(unsecured, considered good)

Export incentive receivable

Accrued interest on fixed deposits

2,68,486

24,235

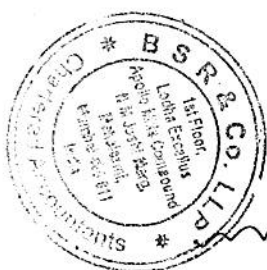
20,45,004

52,507

Total

23,13,490

76,742

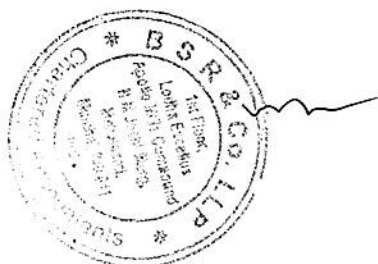


# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued) for the year ended 31 December 2014

(Currency: Indian Rupees)

|                                                            | 31 December 2014     | 31 December 2013    |
|------------------------------------------------------------|----------------------|---------------------|
| <b>15 Revenue from operations</b>                          |                      |                     |
| Sale of products                                           |                      |                     |
| Finished goods                                             | 16,19,52,247         | 20,17,23,942        |
| Less: Excise duty                                          | 1,24,70,891          | 2,06,01,252         |
| Sale of products (net)                                     | 14,94,81,355         | 18,11,22,690        |
| Sale of services - Installation service income             | 98,07,498            | 86,46,264           |
| Other operating revenues                                   |                      |                     |
| Technical Support Service                                  | 33,02,728            | -                   |
| Export incentives                                          | 4,28,689             | 2,83,019            |
|                                                            | 37,31,417            | 2,83,019            |
| <b>Total</b>                                               | <b>16,30,20,270</b>  | <b>19,00,51,973</b> |
| <b>Break up of revenue from sale of products</b>           |                      |                     |
| Manufactured goods (net of excise)                         |                      |                     |
| Sale of machines                                           | 14,94,81,355         | 18,11,22,690        |
| <b>16 Other income</b>                                     |                      |                     |
| Interest income on fixed deposits                          | 34,71,343            | 14,19,276           |
| Net gain on account of foreign exchange fluctuations (net) | 1,834                | -                   |
| Sundry balances written back                               | 71,494               | 4,81,714            |
| <b>Total</b>                                               | <b>35,44,671</b>     | <b>19,00,990</b>    |
| <b>17 Cost of materials consumed</b>                       |                      |                     |
| Inventory of materials at the beginning of the year        | 1,24,82,655          | 91,36,932           |
| Purchases                                                  | 9,20,19,397          | 6,46,32,495         |
| Inventory of materials at the end of the year              | 38,88,236            | 1,24,82,655         |
| <b>Total</b>                                               | <b>10,06,13,815</b>  | <b>6,12,86,772</b>  |
| <b>Break up of cost of materials consumed</b>              |                      |                     |
| Machine parts - Electronic items                           | 9,53,12,008          | 5,73,48,825         |
| Others                                                     | 53,01,807            | 39,37,947           |
|                                                            | 10,06,13,815         | 6,12,86,772         |
| <b>Break up of inventory materials</b>                     |                      |                     |
| Machine parts - Electronic items                           | 22,77,100            | 78,47,559           |
| Others                                                     | 16,11,136            | 46,35,096           |
|                                                            | 38,88,236            | 1,24,82,655         |
| <b>18 Change in inventory of work-in-progress</b>          |                      |                     |
| Opening Stock - Machines                                   | 5,30,65,428          | 11,49,22,093        |
| Closing Stock - Machines                                   | 6,66,01,241          | 5,30,65,428         |
| <b>Total</b>                                               | <b>(1,35,35,813)</b> | <b>6,18,56,665</b>  |

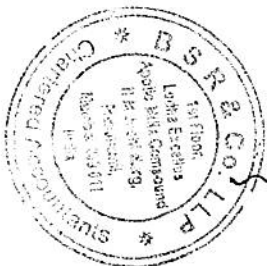


# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued) for the year ended 31 December 2014

(Currency: Indian Rupees)

|                                                          | 31 December 2014   | 31 December 2013   |
|----------------------------------------------------------|--------------------|--------------------|
| <b>19 Employee benefit expenses</b>                      |                    |                    |
| Salaries, wages and incentives                           | 4,50,99,543        | 4,21,46,363        |
| Contribution to provident and other funds                |                    |                    |
| -Provident fund                                          | 18,15,434          | 15,36,776          |
| -Gratuity fund                                           | 8,89,266           | 2,36,445           |
| Staff welfare expenses                                   | 9,100              | 27,630             |
| <b>Total</b>                                             | <b>4,78,13,343</b> | <b>4,39,47,214</b> |
| (Salaries include Rs. 3,193,935 being arrears of salary) |                    |                    |
| <b>20 Finance cost</b>                                   |                    |                    |
| Interest on borrowings from related parties              | -                  | 9,58,844           |
| <b>Total</b>                                             | <b>-</b>           | <b>9,58,844</b>    |
| <b>21 Other expenses</b>                                 |                    |                    |
| Stores and spares                                        | 2,42,123           | 94,387             |
| Power and fuel                                           | 11,12,147          | 10,59,780          |
| Bank charges                                             | 1,12,215           | 81,078             |
| Communication expenses                                   | 15,734             | 29,789             |
| Insurance                                                | 6,85,597           | 5,21,694           |
| Lease rent                                               | 30,96,000          | 36,10,919          |
| Auditor's remuneration (Refer note below)                | 4,65,000           | 4,33,500           |
| Legal and professional fees                              | 85,892             | 2,66,557           |
| Outside services - production related                    | 2,42,057           | 7,93,833           |
| Technical consulting charges                             | 1,77,972           | 3,18,489           |
| Technical support charges-group companies                | 86,18,493          | 76,63,633          |
| Outside services - administration                        | 2,98,692           | 3,48,507           |
| Electrical expenses                                      | -                  | 72,486             |
| Printing and stationery                                  | 2,103              | 1,953              |
| Travelling expenses                                      | 26,35,478          | 12,67,879          |
| Foreign exchange loss (Net)                              | -                  | 64,02,031          |
| Repairs and maintenance                                  | 7,200              | 3,401              |
| Rates and taxes                                          | 6,905              | 7,664              |
| Net loss on sale/ retirement of fixed assets             | -                  | 40,767             |
| Other expenses                                           | 1,94,837           | 49,704             |
| <b>Total</b>                                             | <b>1,79,98,445</b> | <b>2,30,68,051</b> |
| <b>Note: Auditor's remuneration</b>                      |                    |                    |
| As auditor                                               |                    |                    |
| Statutory audit                                          | 4,57,000           | 4,25,000           |
| Reimbursement of expenses                                | 8,000              | 8,500              |
|                                                          | <b>4,65,000</b>    | <b>4,33,500</b>    |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 22. Contracts on capital account, contingent liabilities and commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 204,914 (2013: Rs. 355,301).

The company does not have any contingent liability and other commitments as at balance sheet date (2013: Rs. Nil).

### 23. Details of imported and indigenous raw materials, spare parts and components consumed during the financial year

| Particulars  | Amount (Rs.)                              | % of Total Consumption       |
|--------------|-------------------------------------------|------------------------------|
| Indigenous   | 69,017,284<br>(49,505,277)                | (68.43%)<br>(80.65 %)        |
| Imported     | 31,838,654<br>(11,875,882)                | (31.57%)<br>(19.35%)         |
| <b>Total</b> | <b>100,855,938</b><br><b>(61,381,159)</b> | <b>100%</b><br><b>(100%)</b> |

### 24. Value of imports on CIF basis

| Particulars            | Amount (Rs.)                             |
|------------------------|------------------------------------------|
| Machine building parts | 26,802,701<br>(14,336,738)               |
| <b>Total</b>           | <b>26,802,701</b><br><b>(14,336,738)</b> |

### 25. Expenditure in foreign currency

| Particulars            | Amount(Rs.)                              |
|------------------------|------------------------------------------|
| Technical support fees | 8,618,493<br>(7,663,633)                 |
| Travel expenditure     | 2,003,457<br>(241,188)                   |
| Salaries               | 53,450<br>(5,760,328)                    |
| <b>Total</b>           | <b>10,675,400</b><br><b>(13,665,149)</b> |





# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 26. Earnings in foreign currency

| Particulars          | Amount (Rs.)      |
|----------------------|-------------------|
| FOB value of exports | 30,346,124        |
|                      | (14,837,988)      |
| Service income       | 4,721,141         |
|                      | (613,168)         |
| <b>Total</b>         | <b>35,067,265</b> |
|                      | (15,451,156)      |

### 27. Provision for Income tax / Deferred tax

a)

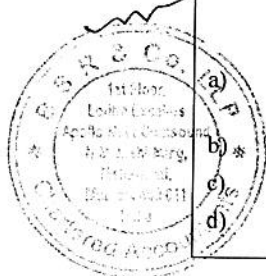
| Particulars                                                 | 31 December 2014  | 31 December 2013  |
|-------------------------------------------------------------|-------------------|-------------------|
| <b>Deferred tax liabilities</b>                             |                   |                   |
| Excess of depreciation on fixed assets under Income tax law | (42,56,529)       | (44,54,406)       |
| <b>Deferred tax assets</b>                                  |                   |                   |
| Provision for employee benefits                             | 29,64,722         | 19,10,526         |
| Provision for expenses                                      | 34,88,669         | 587,260           |
| Brought forward business loss                               | 5,928,200         | 13,145,353        |
| Unabsorbed depreciation                                     | 16,115,689        | 16,115,689        |
| <b>Deferred tax assets / (liabilities) (net)</b>            | <b>24,240,751</b> | <b>27,304,422</b> |
| <b>Deferred tax assets (net) recognised</b>                 | <b>--</b>         | <b>--</b>         |

Deferred tax assets are recognised only to the extent of deferred tax liability, as this amount is considered to be virtually certain of realization. The remaining deferred tax assets of Rs. 24,240,751 (2013: Rs. 27,304,422) is not recognised, as it is not considered to be virtually certain of realisation.

- b) The Company's international transactions with associated enterprises are at arm's length as per the independent accountant's report for the year ended 31 March 2014. 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 31 March 2014. Management believes that the company's international and domestic transactions with associated enterprises post 31 March 2014 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.

### 28. Earnings per share (EPS)

|                                                             | Unit | Year<br>2014 | Year<br>2013 |
|-------------------------------------------------------------|------|--------------|--------------|
| Profit/(Loss) after tax attributable to equity shareholders | Rs   | 9,085,346    | (1,360,503)  |
| Weighted average number of equity shares                    | No   | 17,400,000   | 17,400,000   |
| Nominal value of share                                      | Rs   | 10           | 10           |
| Earnings per share (basic)                                  | No   | 0.52         | (0.08)       |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

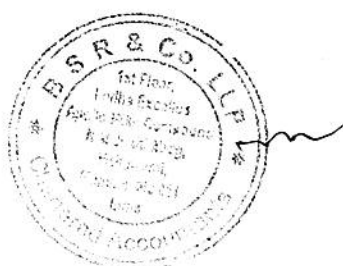
### 29. Related party disclosures as required under AS-18 are given below:

1. 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.

| Year 2014                                                                                                             | Year 2013                                         |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| FAG Kugelfischer GmbH, Germany<br>(a shareholder)                                                                     | FAG Kugelfischer GmbH, Germany<br>(a shareholder) |
| <b>Fellow subsidiary/associate companies</b>                                                                          | <b>Fellow subsidiary/associate companies</b>      |
| Schaeffler Technologies GmbH & Co. KG,<br>Germany (formally known as Schaeffler<br>Technologies AG & Co. KG, Germany) | Schaeffler Technologies AG & Co. KG, Germany      |
| INA Bearings India Private Ltd., India                                                                                | INA Bearings India Private Ltd., India            |
| FAG Bearings India Ltd., India                                                                                        | FAG Bearings India Ltd., India                    |
| LuK India Private Ltd. India                                                                                          | LuK India Private Ltd. India                      |
| Schaeffler Portugal S.A., Portugal                                                                                    | Schaeffler Portugal S.A., Portugal                |
| Schaeffler(China) Co. Ltd, China                                                                                      | Schaeffler(China) Co. Ltd, China                  |
| INA Kysuce, SPOL.S.R.O. .Slovakia                                                                                     | INA Kysuce, a.s.Slovakia                          |
| Schaeffler France S.A.S., France                                                                                      | Schaeffler Holding China Co. Ltd, China           |

### 3. Transactions with related parties during the year ended December 31, 2014

| Nature of transaction                                                                         | Fellow subsidiaries/<br>Associate companies |
|-----------------------------------------------------------------------------------------------|---------------------------------------------|
| Purchase of raw materials and components/spares                                               | 19,612,597<br>(10,804,129)                  |
| Sale of finished goods                                                                        | 149,481,355<br>(181,122,690)                |
| Service income                                                                                | 13,110,226<br>(8,646,264)                   |
| Interest on unsecured loan and on current account                                             | -<br>(958,844)                              |
| Repayment of interest on loan and on current account                                          | -<br>(1,302,542)                            |
| Repayment of loan (by way of conversion into equity shares Rs. Nil,<br>(2013 Rs. 11,957,110)) | -<br>(11,957,110)                           |
| Technical support fees                                                                        | 8,618,493<br>(7,663,633)                    |
| Lease rent                                                                                    | 3,096,000<br>(3,096,000)                    |
| Reimbursement of salary cost                                                                  | 53,450<br>(5,760,328)                       |
| Payment on behalf of related party                                                            | 8,610,140<br>(1,807,081)                    |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 29. Related party disclosures as required under AS-18 are given below (Continued):

#### 4. Balances outstanding as at December 31, 2014:

|                        |                                                |              |
|------------------------|------------------------------------------------|--------------|
| Advance from customers | FAG Bearings India Ltd., India                 | 98,727,485   |
|                        |                                                | (14,233,333) |
|                        | INA Bearings India Private Ltd., India         | -            |
|                        |                                                | (16,318,290) |
|                        | Schaeffler Portugal S.A., Portugal             | -            |
|                        |                                                | (7,088,519)  |
|                        | Schaeffler (China) Co. Ltd. China              | 36,682,107   |
|                        |                                                | (-)          |
| Advance recoverable    | Schaeffler Technologies AG & Co. KG, Germany   | -            |
|                        |                                                | (1,202,172)  |
| Trade Receivables      | FAG Bearings India Ltd., India                 | 11,179,659   |
|                        |                                                | (-)          |
|                        | Schaeffler Technologies GmbH & Co. KG, Germany | 775,469      |
|                        |                                                | (9,348,481)  |
|                        | INA Bearings India Private Ltd., India         | 1,186,552    |
|                        |                                                | (-)          |
|                        | LuK India Private Ltd. India                   | 94,576       |
|                        |                                                | (-)          |
|                        | Schaeffler (China) Co. Ltd. China              | 22,27,718    |
|                        |                                                | (-)          |
|                        | Schaeffler France S.A.S., France               | 390,232      |
|                        |                                                | (-)          |
| Trade payable          | INA Kysuce, a.s. Slovakia                      | 1,486,544    |
|                        |                                                | (-)          |
|                        | Schaeffler Technologies GmbH & Co. KG, Germany | 12,519,221   |
|                        |                                                | (65,471,880) |
|                        | Schaeffler (China) Co. Ltd. China              | 643,681      |
|                        |                                                | (-)          |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 29. Related party disclosures as required under AS-18 are given below (Continued):

#### 5. The significant related party transactions are as under:

| Nature of transactions                               | Fellow subsidiary/associate companies          | Amount                      |
|------------------------------------------------------|------------------------------------------------|-----------------------------|
| Purchase of raw materials and components/spares      | Schaeffler Technologies GmbH & Co. KG, Germany | 16,231,824<br>(10,804,129)  |
|                                                      | Schaeffler (China) Co. Ltd. China              | 633,262<br>(-)              |
|                                                      | FAG Bearings India Ltd., India                 | 203,461<br>(-)              |
|                                                      | INA Bearings India Private Ltd., India         | 429,795<br>(-)              |
|                                                      | INA Kysuce, a.s., Slovakia                     | 1,452,552<br>(-)            |
|                                                      | Luk India Private Ltd, India                   | 661,703<br>(-)              |
|                                                      |                                                |                             |
|                                                      |                                                |                             |
|                                                      |                                                |                             |
|                                                      |                                                |                             |
| Sale of finished goods                               | FAG Bearings India Ltd., India                 | 57,936,561<br>(149,368,234) |
|                                                      | INA Bearings India Private Ltd., India         | 52,073,340<br>(16,952,583)  |
|                                                      | Schaeffler Portugal S.A., Portugal             | 13,147,741<br>(-)           |
|                                                      | Schaeffler (China) Co. Ltd. China              | 17,198,382<br>(14,445,956)  |
|                                                      | Luk India Private Ltd, India                   | 9,125,331<br>(23,625)       |
|                                                      | Schaeffler Technologies GmbH & Co. KG, Germany | -<br>(332,293)              |
|                                                      |                                                |                             |
| Technical service fees                               | Schaeffler Technologies GmbH & Co. KG, Germany | 6,376,479<br>(7,642,014)    |
|                                                      | FAG Bearings India Ltd., India                 | 2,242,014<br>(-)            |
| Interest on loan taken and on current account        | FAG Bearings India Ltd., India                 | -<br>(958,844)              |
|                                                      |                                                |                             |
| Repayment of interest on loan and on current account | FAG Bearings India Ltd., India                 | -<br>(1,302,542)            |
|                                                      |                                                |                             |



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 29. Related party disclosures as required under AS-18 are given below (Continued):

#### 5. The significant related party transactions are as under:

| Nature of transactions         | Fellow subsidiary/associate companies          | Amount                   |
|--------------------------------|------------------------------------------------|--------------------------|
| Repayment of loan              | FAG Bearings India Ltd., India                 | -<br>(11,957,110)        |
| Service income                 | FAG Bearings India Ltd., India                 | 7,131,216<br>(7,944,632) |
|                                | INA Bearings India Private Ltd., India         | 1,095,478<br>(-)         |
|                                | Luk India Private Ltd, India                   | 351,247<br>(-)           |
|                                | Schaeffler (China) Co. Ltd. China              | 316,376<br>(-)           |
|                                | Schaeffler Technologies GmbH & Co. KG, Germany | 3,864,801<br>(-)         |
|                                | Schaeffler France S.A.S., France               | 351,108<br>(-)           |
| Lease rent                     | FAG Bearings India Ltd., India                 | 3,096,000<br>(3,096,000) |
| Reimbursement of expat cost    | Schaeffler Technologies GmbH & Co. KG, Germany | 53,450<br>(4,138,243)    |
|                                | INA Kysuce, a.s., Slovakia                     | -<br>(1,622,086)         |
| Payments made by related party | FAG Bearings India Ltd., India                 | 8,610,140<br>(1,807,081) |

### 30. Dues to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 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.



# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 31. Foreign currency exposure as at 31 December 2014:

The Company has not taken any derivative instrument during the year. The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

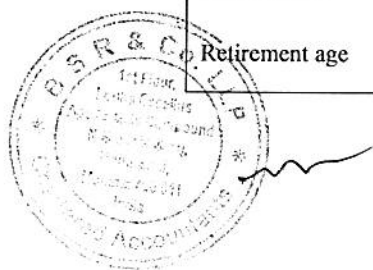
| Particulars                     | Amount in foreign currency | Equivalent amount in Indian currency (Rs) |
|---------------------------------|----------------------------|-------------------------------------------|
| Creditors                       | USD 230,229                | 14,649,446                                |
|                                 | (1,052,941)                | (65,471,880)                              |
|                                 | EURO -                     | -                                         |
|                                 | (49,381)                   | (4,244,777)                               |
| Advance received from customers | EURO -                     | -                                         |
|                                 | (82,463)                   | (7,088,519)                               |
|                                 | USD 576,491                | 36,682,107                                |
|                                 | (-)                        | (-)                                       |
| Advance given to suppliers      | CHF 4,609                  | 297,603                                   |
|                                 | (9,631)                    | (676,764)                                 |
|                                 | EURO 6,950                 | 539,377                                   |
|                                 | (1,901)                    | (163,369)                                 |
| Advance recoverable             | USD -                      | -                                         |
|                                 | (19,334)                   | (1,202,172)                               |
| Trade receivable                | USD 78,611                 | 5,001,986                                 |
|                                 | (-)                        | (-)                                       |
|                                 | EURO 5,028                 | 390,232                                   |
|                                 | (108,754)                  | (9,348,481)                               |

### 32. Disclosure under Accounting Standard 15 on employee benefits:

During the year Company has carried out Actuarial Valuation in respect of gratuity and leave encashment pursuant to AS 15 by using Projected Unit Credit Method

The principal actuarial assumptions used are as follows

| Particulars                                             | Year 2014                                                    | Year 2013                                                    |
|---------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| No. of employees                                        | 68 Nos.                                                      | 73 Nos.                                                      |
| Discount rate per annum as at 31 <sup>st</sup> December | 8.50% per annum                                              | 9.25% per annum                                              |
| Salary escalation per annum                             | 7% per annum                                                 | 7% per annum                                                 |
| Mortality                                               | Published Mortality Indian Assured Lives Mortality( 2006-08) | Published Mortality Indian Assured Lives Mortality( 2006-08) |
| Disability                                              | Nil                                                          | Nil                                                          |
| Attrition rate                                          | 2% upto age 44 & 1% thereafter                               | 2% upto age 44 & 1% thereafter                               |
| Retirement age                                          | 58 years                                                     | 58 years                                                     |





# FAG Roller Bearings Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 December 2014

(Currency: Indian Rupees)

### 32. Disclosure under Accounting Standard 15 on employee benefits (Continued):

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.

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Vijay Mathur

Partner

Membership No: 046476

For and on behalf of the Board of Directors of  
FAG Roller Bearings Private Limited

Satish Patel  
Director

Sameer Mathur  
Director

Mumbai

Vadodara

27 FEB 2015

