

**Draft Auditor's Report on Financial results of FAG Bearings India Limited
pursuant to Clause 41 of Listing Agreement**

**To the Board of Directors
FAG Bearings India Limited**

We have audited the accompanying annual financial results of FAG Bearings India Limited (the Company) for the year ended 31 December 2011, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 December 2011 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit and in this regard the financial results for the three months period ended 31 March 2011 have been reviewed by another firm of chartered accountants whose reports have been furnished to us and which were relied upon by us.

Management's Responsibility for the Financial Results

These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results upto the end of the third quarter. Management is responsible for the preparation of these financial results that give a true and fair view of the net profit and other financial information in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India and in compliance with Clause 41 of the Listing Agreement.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results 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 results based on our audit of the annual financial results. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us these financial results:

(i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard;
and



SR. NO.	PARTICULARS	THREE MONTHS PERIOD			YEAR ENDED	
		Dec 31, 2011	Sept 30, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
		(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)	(AUDITED)
1	(a) Net sales / Income from Operations	3,458.6	3,306.1	2,626.6	12,993.3	10,400.8
	(b) Other Operating Income	38.9	29.9	35.4	130.1	85.1
		3,497.5	3,336.0	2,662.0	13,123.4	10,485.9
2	Expenditure					
	a. (Increase) / Decrease in stock in trade & work in progress	(8.3)	(90.7)	(67.8)	(141.5)	(120.8)
	b. Consumption of Raw Materials and Components	1,148.8	1,091.8	908.1	4,281.9	3,325.6
	c. Purchase of traded Goods	986.0	911.8	630.2	3,433.7	2,920.7
	d. Employees Cost	272.7	251.0	221.2	1,011.8	799.5
	e. Depreciation	63.1	58.5	50.8	225.9	201.1
	f. Other expenditure	453.0	501.2	447.9	1,960.0	1,674.1
	g. Total	2,927.1	2,733.4	2,190.4	10,771.8	8,800.2
3	Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	570.4	602.6	471.6	2,351.6	1,685.7
4	Other Income					
	a. Interest	85.8	72.0	56.5	268.0	186.7
	b. Others	0.8	0.7	0.2	2.8	0.9
5	Profit before interest and Exceptional Items (3+4)	657.0	675.3	528.3	2,622.2	1,873.3
6	Interest	3.6	3.1	2.7	12.6	8.9
7	Profit after interest but before Exceptional Items (5-6)	633.4	672.2	525.6	2,609.6	1,864.4
8	Exceptional Items (including prior period adjustments)	-	-	25.6	-	25.6
9	Profit from Ordinary Activities before tax (7-8)	633.4	672.2	500.0	2,609.6	1,890.0
10	Tax expense	203.8	218.1	162.5	849.9	603.8
11	Net Profit from Ordinary Activities after tax (9-10)	429.6	454.1	337.5	1,759.7	1,286.2
12	Extraordinary Items (Net of tax expense)	-	-	337.5	1,759.7	1,286.2
13	Net Profit for the period (11+12)	429.6	454.1	337.5	1,759.7	1,286.2
14	Paid-up equity share capital (Face value of Rs. 10/- per share)	166.2	166.2	166.2	166.2	166.2
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	7,112.6	5,548.1
16	Earning per share (EPS)					
	a) Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	25.85	27.32	20.31	105.88	73.11
	b) Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	25.85	27.32	20.31	105.88	73.11
17	Public Shareholding					
	-Number of shares	8088087	8088087	8088087	8088087	8088087
	-Percentage of shareholding	48.7	48.7	48.7	48.7	48.7
18	Promoters and promoter group Shareholding					
	a) Pledged/Encumbered					
	-Number of Shares	-	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-
	-Percentage of shares (as a % of the total share capital of the)	-	-	-	-	-
	b) Non-encumbered					
	-Number of Shares	8529183	8529183	8529183	8529183	8529183
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100
	-Percentage of shares (as a % of the total share capital of the)	51.3	51.3	51.3	51.3	51.3

Notes

1	Particulars	As on Dec. 31, 2011	As on Dec. 31, 2010
		(AUDITED)	(AUDITED)
Statement of Assets and Liabilities			
Shareholders Funds			
	(a) Capital	166.2	166.2
	(b) Reserves and Surplus	7,134.2	5,568.4
	(c) Deferred tax liabilities (Net)	31.7	29.3
	Total	7,332.1	5,763.9
Fixed Assets			
Investments			
Current Assets, Loans, and Advances			
	(a) Inventories	1,622.5	1,270.2
	(b) Sundry Debtors	2,143.0	1,314.5
	(c) Cash and Bank balances	2,334.2	2,880.1
	(d) Other current assets	84.2	53.2
	(e) Loans and Advances	927.9	759.4
	Total	7,129.8	6,277.4
Less: Current Liabilities and Provisions			
	(a) Liabilities	2,279.5	1,788.8
	(b) Provisions	383.4	222.9
	Total	2,662.9	2,011.7
	Net Current Assets	4,478.9	4,264.7
	Total	7,332.1	5,763.9

2 The business of the Company falls under a single primary segment i.e. "Ball / Roller Bearings and related components" for the purpose of Accounting Standard AS - 17.

3 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.

4 There was no investor's complaint pending at the beginning and end of the quarter. Total 4 complaints were received and resolved during the quarter.

5 The audited financial results for the year ended December 31, 2011 were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on February 9, 2012. The statutory auditors have expressed an unqualified opinion.

6 The Board of Directors of the Company has recommended a dividend for the year ended December 31, 2011 at the rate of Rs.10.00 (inclusive of a dividend of Rs. 5 per Share in celebration of the Company's 50th year of incorporation) (2010:Rs. 5.00).

Per our report attached of even date
B S R & Co.
Chartered Accountants

Vijay Mathur
Partner
Membership No. 046476
Mumbai / February 9, 2012

For FAG Bearings India Ltd.

Rajendra Anandpara
Managing Director

Mumbai / February 9, 2012