



BHARAT GEARS LIMITED

Gearred for Life

STEADILY AHEAD

Annual Report 2016-17



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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENT

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such Statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this report. Bharat Gears Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

STEADILY AHEAD

The year gone by has been a watershed year, both in terms of our consolidated efforts starting to bear fruits and our customers businesses getting back on the tangent of sustained growth. The domestic automobile industry has staged an encouraging comeback. Thanks to a healthy rainfall (97% of Long Period Average) and systematic strengthening of the rural economy, the tractor segment posted a robust growth. Mining and construction activities are steadily strengthening, casting a spell of good run for commercial vehicle segment and especially construction equipment. The fact that we weathered twin blows of sudden demonetisation and also slowdown in picking up of export orders reasonably well goes on to reassure that our ongoing campaign of intrinsic strengthening is gaining deeper roots.

On the operational front, efficiency improvement remained the mainstay of our management focus. Having identified tools and means we continue to assiduously work on them. With their impact becoming visible in the latter half of FY17, our thrust on these measures is only going to increase in coming times. With the unstinting trust of stakeholders including our customers and employees we are steadily moving ahead towards a brighter tomorrow.



DEVELOPED A
VARIETY OF BEVEL
SETS FOR OUR
GLOBAL AUTOMOTIVE
CLIENTS

RIDING CUSTOMERS' SUCCESS

Our customers' universe is increasingly becoming competitive. As a supplier with four decades of rich track record of quality deliveries, we are raising the bar in order to proactively develop next generation products that bestow a competitive edge to our customers.

Intense pursuit of this very approach over the last two years has helped to strengthen our position as a supplier to reckon with. We have developed several new products for our existing global clients, which met with good acceptance and a promising order intake. In another instance of material success, we developed a variety of bevel sets for our global automotive clients, the manufacturing and supply of which is scheduled to commence in FY18. Building upon these breakthrough developments, we are in discussion with few more global behemoths. All these steps are poised to steadily strengthen our revenue and profitability growth.

Our approach to settle at nothing less than the best of products and services to our customers is the cornerstone of our future success and we are walking necessary extra steps in order to attain it.

Another conscious effort is to disproportionately focus on value-added products with a clear eye on improving our realisation. Currently under development advanced gears for the passenger vehicles and engine segments are poised to open new avenues of growth which will also diversify our product basket. In order to sharpen our precision and turnaround time, we have added some critical and advanced machinery at our plants during the year.

TECHNOLOGY ADVANCEMENT, GAINING MOMENTUM

Doing more with less, de-bottlenecking and stricter control on wastages across man, material and machine has been higher on our priorities in recent times. Consequently, a slew of measures have been undertaken across plants and functions. Increasing intervention of technology and automation has been a key theme which is driving a steady shift towards Computerised Numerical Control (CNC) machines, an enabler of precision and also improved cycle time, which in turn releases extra capacity.

During the year, we undertook reconditioning and retrofitting of the existing bevel machines that yielded enhanced capacities at one hand and higher productivity and quality at the other. In order to strengthen our capabilities, following initiatives have been taken:

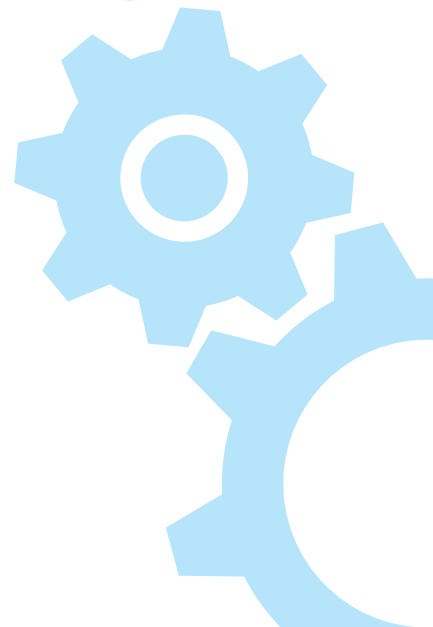
- Placed an order for Viper 500 - Grinding machine from Klingelnberg, Germany to be installed at its Lonand plant
- Entered into an agreement with Klingelnberg, Germany for procuring a C30 Gear Cutting Machine and P40 Gear Measuring Machine for Faridabad Plant
- Replacing Blade checking machine BC10 with BC12

All the above machines are expected to be installed by FY18. This would not only help the Company to meet the clients' requirements in a timely and effective manner but also to reduce the manpower cost.

With a view to judiciously deploy manufacturing assets towards scale and productivity, we relocated some critical machinery from our Mumbra unit to Faridabad and Lonand units. Despite constrained cashflow, manpower rationalisation at Mumbra made reasonable progress during the year.

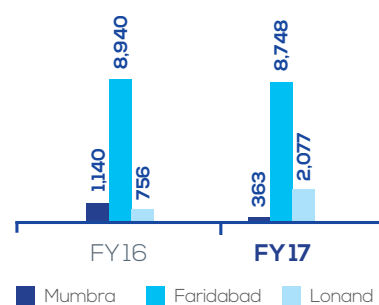
Enhanced upkeep and preventive maintenance of machines has helped to control breakdowns, consequently improving deliveries and reducing cost. Intense and coordinated training of human assets has helped to improve product quality and also reduce our dependence on manual intervention.

Towards optimum automation of the manufacturing process, an objective study across all the three plants stands complete, yielding definitive list of initiatives to be undertaken in a phased manner. With a steadily rollout of these measures, we would significantly strengthen our capabilities and also would be better placed to encash market opportunities.

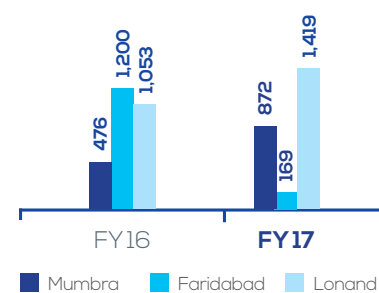




Kaizen



Accident Free Days



MACHINE	PLANT	PURPOSE	STATUS	REMARKS
Viper Gear Grinder	Lonand	Technology Upgradation	✓	Order raised
ZK 10 Pointing	Lonand	Replacement	✓	Installed
Hurth shaver	Lonand	Capacity	✓	Installed
Shaping Machine	Lonand	Capacity	✓	Installed
Samputensili Gear Chamfering Machine	Lonand	Capacity	✓	Installed
GPC Furnace	Faridabad	Capacity	✓	In progress
Micro Hardness tester	Mumbra	Quality improvement	✓	Installed

CONCERTED EFFORTS STRENGTHENING THE MOMENTUM



**OUR
BELIEF**

**HIGHER
SALES**

**MOTIVATED
& SKILLED
EMPLOYEES**

**BETTER
QUALITY
PRODUCT**

EMPLOYEE TRAINING HOURS

Mumbra Plant	- 22,856 Hours
Faridabad Plant	- 8,988 Hours
Lonand Plant	- 4,630 Hours

Human excellence often thrives in the face of a challenge. Our recent phase of consolidation and turnaround has been scripted around the strength, resilience and sharpened capabilities of our talent pool.

Thanks to our unwavering commitment to provide a collaborative work atmosphere, a safer work place and an open culture of meritocracy, the level of engagement and ownership of our workforce has steadily risen. A structured approach to career progression with an adequate blend of on-job training and mindfulness on work-life balance helps us to access, attract, train and retain best of talent across locations and functions.

We endeavour to provide best of the work environment to all our employees, one that is not only progressive but also safe. All the three plants continue to be certified under ISO/TS16949. Currently Faridabad and Lonand plants are certified under ISO 14001 and OHSAS 18001. We are currently assessing the gaps in our Mumbra plant to make it ready for OHSAS and ISO 14001 certification.

We are having a very good track record of accident free days. We periodically have Safety Weeks across our plants to educate our work force on all the key safety parameters and do mock drills.

We are also focused towards the career growth of our employees. To strengthen the capabilities of our employees, we have built comprehensive training and development programmes. Through these training initiatives, we have also successfully implemented key quality & cost control initiatives across our plants. We regularly provide equal opportunities of growth to all our employees and also do a well thought succession planning to maintain smooth working.



THE WORLD OF BHARAT GEARS LIMITED

Bharat Gears Limited (BGL), India's largest gear manufacturing company was incorporated in 1971. Today, the Company offers a wide range of gear products such as Ring Gears and Pinions, Transmission Gears and Shafts, Differential Gears, Gear Boxes and Heat Treatment Furnaces. BGL primarily caters to Commercial Vehicle, agricultural machinery and construction equipment segments. BGL is serving to its clients in the domestic as well as European, American, Mexican and Asian markets. It is the major global supplier of automotive gears and heat treatment furnace.

The Company operates through manufacturing facilities located at Mumbra and Lonand in Maharashtra and Faridabad in Haryana.



MISSION STATEMENT

To retain and reinforce our position as a leading Indian manufacturer of automotive gears and aggregates and meet the aspirations of customers in domestic and export markets. This will be achieved through on-time zero defect supplies backed by responsive service, empowered employees, vendor partner and satisfied investors.



VISION STATEMENT

We, the proud members of the BGL family, shall strive vigorously to delight our customers and stakeholders who are our very purpose, by pursuing excellence and innovation through committed team work. To this end we shall promote continuous learning, achievement orientation and ethical business practices, which will make us shine as a global player.

BGL has committed, competent and highly motivated workforce, integrated into conducive and strong TQM culture.

