

SCHAEFFLER

FAG



Trust and Transformation

50th year of
incorporation

FAG Bearings India Limited

Annual Report 2011

miles to go...

Turning 50 is an important milestone for an organisation. It is time to reminisce the past, review the present and reflect on the future.

As we look back at half a century of enriching experiences and continuous learning, we are reminded of pleasures and pains of growth and of collective resilience that ensured that the organisation not only survived many difficult and uncertain times but emerged stronger after every crisis.

Indeed, these 50 years have been a testimony of trust.

It is time to pause for a while and express our gratitude to the shareholders, customers, suppliers, business associates and to our employees for the immense trust and confidence they have showed in us at every stage of this eventful journey.

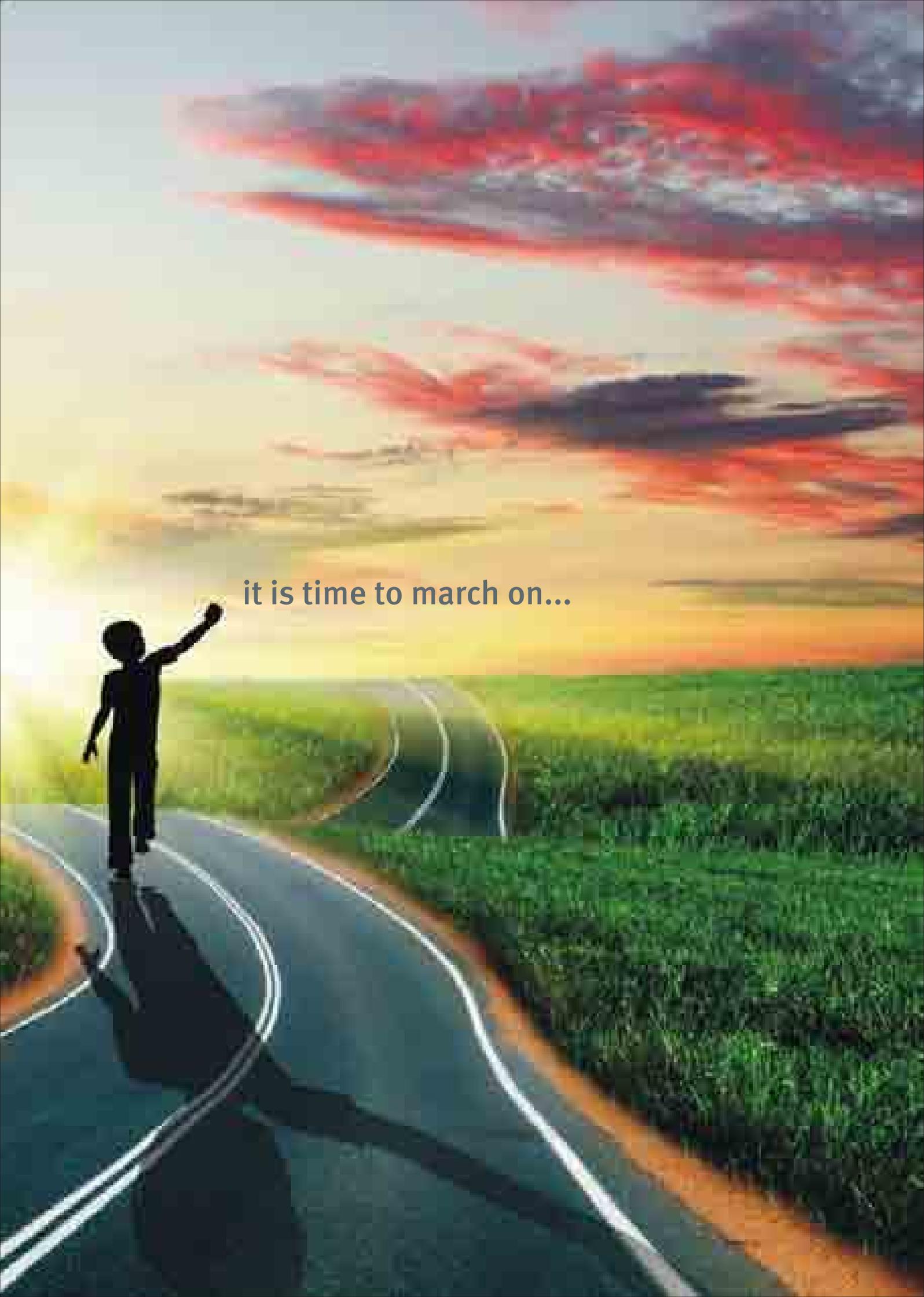
It is also time to reflect on the future - a future that promises to be both exciting and challenging.

Rapid economic growth of India opens up many exciting opportunities. At the same time success in a globalised environment demands that the organisation has cutting edge competence in terms of its product, process and people capabilities to be able to fulfill ever increasing customer expectations.

The next 50 years will be vastly different from the past 50. As we strive hard to propel the organisation into the next orbit, we realise that sustainable success in future demands a fresh transformational approach of an enduring great company.

While we celebrate the success, we remind ourselves of the long journey ahead. We know that we have to build organisational excellence, step by step. This will demand courageous leadership and committed teamwork - day after day, year after year.

With our vast experience and ever forthcoming support and guidance from Schaeffler in all fields, we at FAG India have confidence, courage and optimism to shape our destiny.



it is time to march on...



Maria-Elisabeth Schaeffler with FAG India's Board of Directors

In October 2011, the Board of Directors (BoD) of FAG India visited Schaeffler Headquarters in Germany. During this visit, BoD toured the plants and R&D facilities at Luk - Buehl, FAG - Schweinfurt and INA - Herzogenaurach.

The BoD was impressed by the immense engineering and innovation capabilities of Schaeffler and exchanged views on FAG India's roadmap for the future with Schaeffler top management.

Message from Maria-Elisabeth Schaeffler

Deputy Chairwoman of the Supervisory Board and Partner, Schaeffler AG



Maria-Elisabeth Schaeffler
Lic. oec. HSG Georg F. W. Schaeffler, JD/LLM

Dear Chairman Mr. Gandhi,

I am very happy to learn that FAG India is commemorating the 50th anniversary of its incorporation this year.

On this happy occasion, my son and I wish to convey our congratulations to the Board, shareholders, employees and business associates of FAG India. It is indeed due to their dedicated efforts and commitment, that the organization has reached this significant milestone in its history.

FAG with its long standing history has successfully earned the trust and confidence of customers in India. Furthermore, its continued financial success and stability over the past five decades has created a strong foundation for the company's future development.

In the 21st century, as the centre of gravity of the global economy shifts to Asia, India with its strong fundamentals is well placed for a robust and inclusive growth. I am very happy that with the investments currently under implementation at the Vadodara and Savli plants, FAG India has taken strong next steps to participate in India's growth story.

Rapid growth brings with it the challenge of sustainability. We at the Schaeffler Group are convinced that the Indian market will increasingly demand products and solutions that are not just affordable, but which are also efficient and ensure

sustainability at the same time. The recently concluded Auto Expo 2012 in New Delhi bears witness to this trend where Indian customers showed keen interest in the Schaeffler Group's Efficient Future Mobility concept.

During the FAG India Board of Directors visit to the Schaeffler Group headquarter in Germany last year, you saw the immense innovation capabilities of the three Schaeffler brands INA, LuK and FAG. In order to ensure that these capabilities are fully leveraged in the Indian market, we will continue to guide and assist the Indian organization in its efforts towards further development of local R&D and engineering capabilities.

It is our firm belief that organizational development and employee development are inseparable. The Schaeffler Group will encourage and support the Indian organization in its endeavor to enhance the personal development and well being of all our employees in India. FAG India continues to be an important member of the Schaeffler Group.

On behalf of my son and myself, I would like to convey our sincere appreciation to all at FAG India and would like to assure them all of our continued support in their current and future endeavors.

With kind regards and all good wishes,

Maria-Elisabeth Schaeffler

The Journey so Far

1962

Precision Bearings India Limited was incorporated



1969

FAG Germany acquired shares from Norma Hoffman



1986

Name of the Company changed to FAG Bearings India Limited



1993

FAG became the first Indian bearing company to achieve ISO 9001 certification



1964

Production commenced at Vadodara Plant



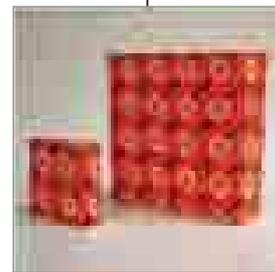
1975

Expansion: Railway Bearing Plant was commissioned



1992

Brand name changed from NORMA to FAG



1997

Commissioned export oriented unit for cylindrical roller bearings



2001

FAG became a part of Schaeffler Group



SCHAEFFLER

2007

Introduced E1 Spherical Roller Bearings



2011

Commissioned 3rd Generation Wheel Bearing Plant at Vadodara



1999

Commissioned India's first Wheel Bearing Plant at Vadodara



2003

Validation Centre set up at Vadodara



2010

Commenced advanced X-life bearing production at Vadodara





The FAG brand started with an ingenious idea. In 1883, Friedrich Fischer 'Founder of FAG' - invented the ball grinding machine. This machine for the first time, allowed steel balls to be ground to perfectly round shape and in large volumes. Round steel balls represent creativity, perfection and simplicity at the same time - the values that we live in our organisation daily.

Tradition of Trust



1962 was the year when Precision Bearings India Limited (FAG's predecessor) or PBI was formed.

Doing business in those years was different. India's economy in terms of its size and its growth offered only a limited potential. And years of 'protected' economic environment did not stimulate excellence in business.

Despite these constraints, some companies maintained their focus and defined their own course. FAG was one of those companies.

FAG Germany became part of our Company's journey in 1969 when it acquired control of Norma Hoffman - the Company's initial collaborators. And with that began the tradition of Quality.

Active involvement of FAG Germany since initial years of Indian operations ensured that the emphasis on precision, process discipline and continuous improvement always formed an integral part of all our strategies and actions.

While endorsing 'Quality Focus' as its clear long-term direction, the Company, in its true Indian tradition, nurtured strong partnerships with all shareholders, customers, employees, vendors, channel partners and business associates.

Since five decades, we have consistently demonstrated our commitment to Quality and have constantly expanded our capabilities while emphasising long-term approach towards all our relationships. Our stakeholders have been co-travelers in the 50 years of the Company's journey - supporting, guiding and inspiring us in all our endeavours.



FAG set up Railway bearing production in 1975 and EOU to produce cylindrical roller bearings in 1997. These investments reflected the Group's trust in Indian operations.

“An environment of mutual trust has encouraged us to regularly expand our manufacturing and quality capabilities and thus set basis for interdependent relationship with Schaeffler.”

Raju Shah and Harish Rangwala
Founder Directors of Harsha Engineers



“Vagaries of Indian market in seventies and eighties often impacted financial success of FAG India.

The fact that despite all the difficulties the Company recovered quickly and maintained its financial independence, speaks of its inherent resilience and is a proof of trusted relationship that it enjoys with all its stakeholders.”

Kishen Chand Sharma
*Retired as Head of Finance
of FAG in 1996*

