SCHAEFFLER

FAG

MAKE IN INDIA



Annual Report 2014

FAG Bearings India Limited

Ten Years' Highlights

FAG

(₹ in million)

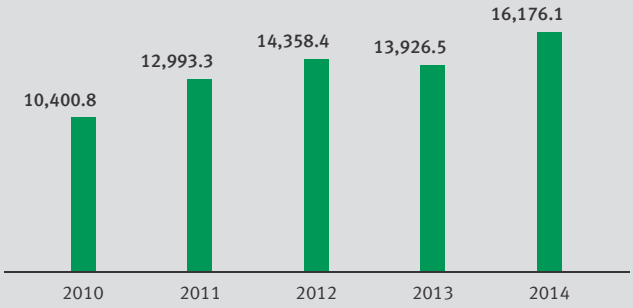
Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
SOURCES OF FUNDS										
Share Capital	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2
Reserves*	10,888.9	9,708.9	8,607.8	7,112.6	5,546.1	4,428.3	3,860.4	2,990.7	2,285.4	1,624.2
Net-Worth*	11,055.1	9,875.1	8,774.0	7,278.8	5,712.3	4,594.5	4,026.6	3,156.9	2,451.6	1,790.4
Borrowings - long-term	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Funds employed	11,055.1	9,875.1	8,774.0	7,278.8	5,712.3	4,594.5	4,026.6	3,156.9	2,451.6	1,790.4
INCOME AND PROFITS										
Sales (net)	16,176.1	13,926.5	14,358.4	12,993.3	10,400.8	7,976.9	7,444.1	6,413.0	5,420.4	4,083.2
Gross operating profit	2,826.9	2,294.5	2,650.4	2,848.1	2,054.4	1,318.8	1,728.0	1,412.5	1,290.1	854.5
Profit before tax	2,323.7	1,854.4	2,334.7	2,609.6	1,818.8	995.8	1,473.5	1,244.8	1,107.8	677.6
Tax	794.9	636.1	742.9	849.9	603.8	340.4	516.3	449.5	370.8	198.7
Profit after tax	1,528.8	1,218.3	1,591.8	1,759.7	1,215.0	655.4	957.2	795.3	737.0	478.9
Dividend Per Share (₹)**	7.5	6.0	5.0	10.0	5.0	4.5	4.5	4.0	4.0	3.5
Retained earnings	1,383.0	1,101.0	1,495.2	1,566.5	1,117.8	567.9	869.7	715.5	661.2	412.0
OTHER DATA										
Gross fixed assets	7,594.8	7,554.5	7,148.5	5,320.7	4,275.9	4,200.4	4,152.7	3,741.1	3,525.7	3,058.6
Net worth per equity (₹)	665.3	594.3	528.0	438.0	343.8	276.5	242.3	190.0	147.5	107.7
Debt equity ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Current ratio	3.4	2.4	2.9	2.7	3.1	3.2	2.8	2.5	2.1	1.8
Production (Nos. in million)	112.3	91.6	80.7	78.3	67.7	47.7	46.4	45.1	44.1	32.3
Sales (Nos. in million)	112.7	92.9	81.5	77.4	66.3	49.2	45.4	44.6	43.0	32.1
Employees (Nos.)#	1,477	1,495	1,580	1,456	1,343	1,334	1,375	1,282	1,157	1,037
Shareholders (Nos.)#	8,701	7,808	8,465	8,205	7,876	7,276	7,623	7,439	7,714	8,033

*Excluding revaluation reserve **Proposed # As on December 31

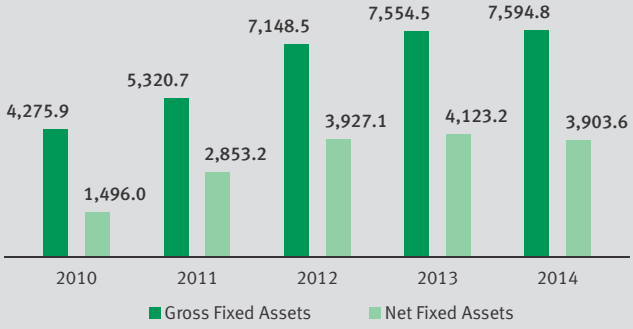
Performance Highlights

(₹ in million)

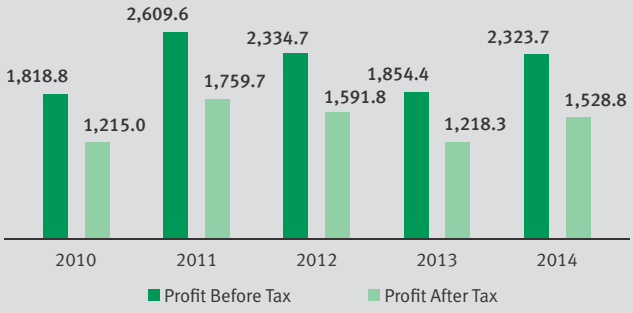
Net Sales



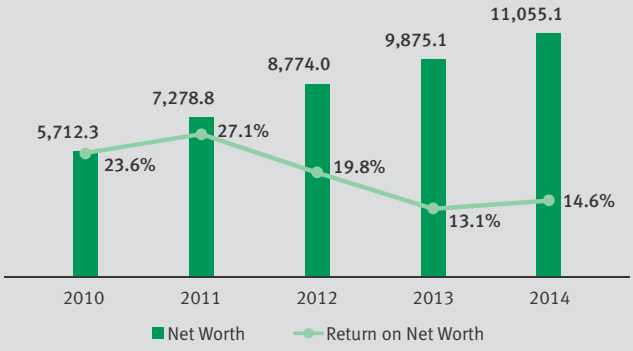
Gross and Net Fixed Assets



Profit Before Tax and Profit After Tax

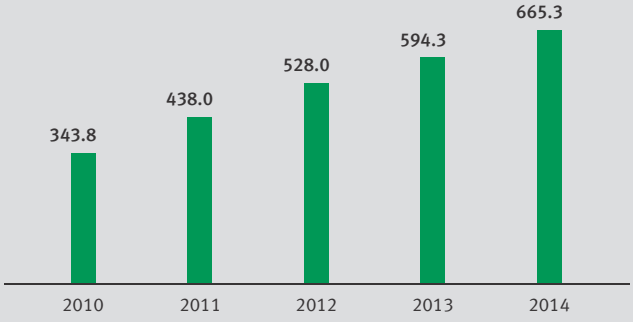


Net Worth and Return on Net Worth



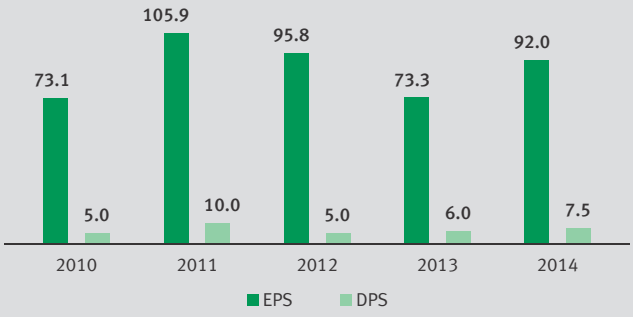
(In ₹)

Book Value per Share

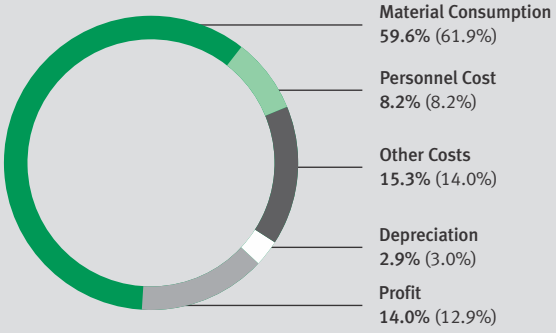


(In ₹)

Earnings per Share and Dividend per Share

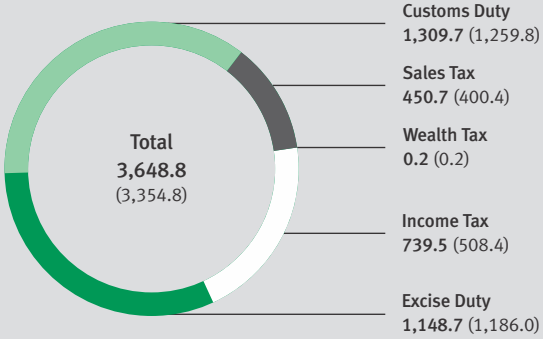


Distribution of Income



Contribution to Exchequer

(₹ in million)



Bracket denotes previous year's figures

Highlights 2014

Contributing to Honda's 'Power of Dreams'

Honda Motorcycle & Scooters India Limited recognized FAG India as a

'QCD Competitive Multi-sourcing Supplier'

commending FAG's excellent level of quality products and business support provided during the year 2014.



Spinning Success with Rieter India

Rieter India Pvt. Ltd, the Swiss MNC and a global leader in Textiles Spinning Systems with plants in India, recognized FAG India's reliability when they awarded us as

'Best Delivery Supplier'

during the year 2014.



JOSH Jeet Ka

Year 2014 marked the 50th anniversary of commencement of production at Vadodara plant. FAG used this opportunity to invigorate energy and spirit among its employees.

Our celebration for this event was aptly named 'Josh Jeet Ka' to reflect the fighting spirit, teamwork and winning attitude of our employees over past many years.



Skilling Up to Scale Up

At FAG, we believe that development of our business and development of our people are closely linked.

We emphasize on continuous skill up-gradation of all our employees. It was a matter of pride for us when one of our employees received the Gold trophy at Work Skill India regional competition organized by CII.



Maruti Suzuki Counts on Us

Maruti Suzuki recognized FAG India with an award for

'Focused Cost Down'

approach towards introduction of new car models in competitive Indian market.



Co-creating the Future

FAG partners with its key customers at an early stage of product development process. This often involves investments in new processes that are necessary to provide innovative solutions in response to customers' challenges.

At our plant in Savli, we commissioned the advanced Black Oxidation facility in presence of top management of ZF Wind Power Coimbatore. Savli with its set up of global standards is now fully equipped to manufacture and provide advanced technology solutions for wind applications.



Continuous Improvement

We encourage participation of all employees towards our endeavour for continuous improvement in all spheres of our business. Employees work in team and achieve remarkable results by following structured kaizen approach. In a competition organized by ACMA, one of the kaizens presented by our employees was awarded Best Kaizen trophy under 'Cost Category'.



Excellence in Quality

FAG always aims for ZERO defect quality. Breakthrough in Quality performance is only possible by involvement of all our employees.

Our employees learn, train, re-learn and apply quality principles in their daily work. They always strive to showcase their experience & knowledge and prove their mettle to the outside world.

FAG India employees won 5 Gold, 1 Silver and 1 Bronze trophies in the Quality Circle Competition organized by Quality Circle Forum of India (QCFI).



Board of Directors

Mr. Avinash Gandhi





Mr. Rajendra Anandpara



Mr. Dietmar Heinrich



Dr. Sanak Mishra



Mr. R. Sampath Kumar

Mr. Klaus Rosenfeld



Mrs. Renu Challu





Mr. Rakesh Jinsi



Mr. Frank Huber

Key Managerial Personnel



Mr. Satish Patel



Mr. Raj Sarraf



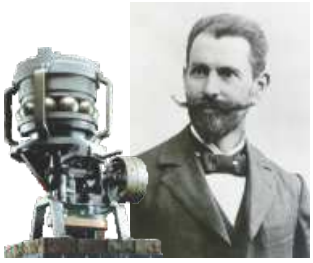
"As we look back, we are reminded of three milestones that defined our company's manufacturing footprint in India: Start of production at Vadodara plant in 1964, setting up of Export Oriented Unit in 1997 and recent commissioning of the best-in-class Savli plant in 2012. Each of this has played and will play a decisive role in shaping the future of our company."

Sameer Mathur | Chief Operating Officer

Make In India

Human progress is closely linked with progress in industrialization. Desire to improve quality of life, desire to explore new places, desire to stay connected with near and dear ones – have inspired humans to constantly think of new ideas. We found innovative ways to overcome the forces of nature, developed new tools and discovered new sources of energy to power our dreams.

For example, the need for mobility led to invention of wheel, a symbol of progress, more than six thousand years ago. Invention of automotive engine gave power to the wheels. Invention of the ball grinding machine by Friedrich Fischer, the founder of FAG, set the foundation for modern rolling bearings in 1883. Since then, continuous technological progress in rolling bearings has facilitated rapid progress in mobility concepts.



Friedrich Fischer's innovation of ball grinding machine in 1883 that set the foundation of modern rolling bearing industry in India. Fischer's company FAG (Fischers Aktien-Gesellschaft) is today, a part of 12 bn Euro Schaeffler Group.

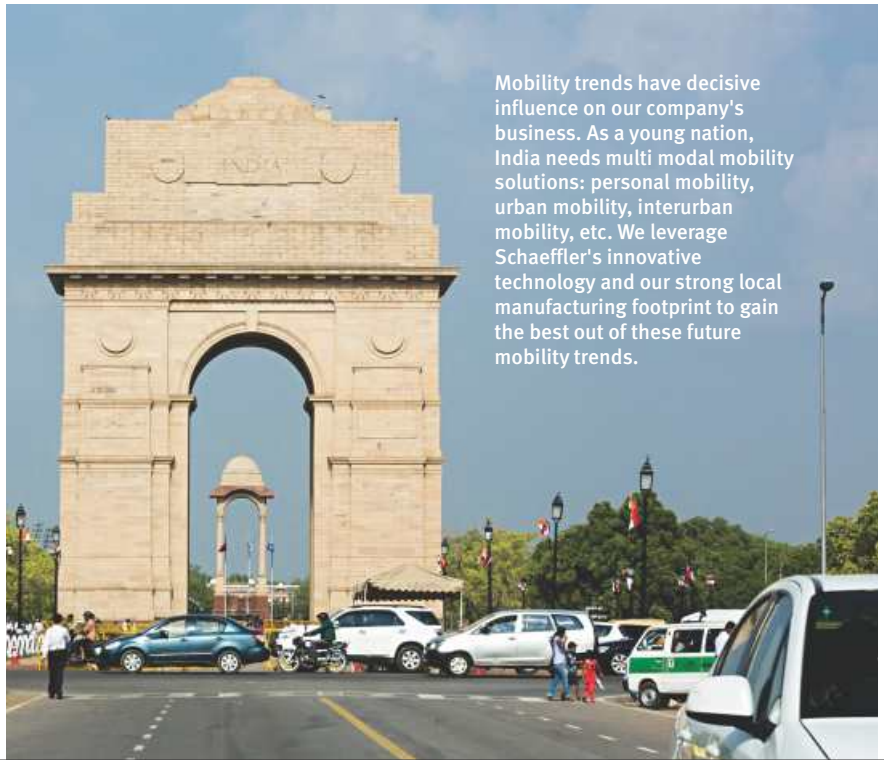


In 2014, Vadodara plant completed 50 years of production.

Manufacturing makes innovation, a reality. While design gives shape to an idea, it is manufacturing that transforms the idea into its intended physical form. Successful countries therefore always invest in Innovation, Development and Manufacturing.

Strong manufacturing forms the backbone of an economically strong and progressive nation.

Post India's independence, especially in 1950s and 1960s, many progressive entrepreneurs invested in manufacturing and dreamt of leveraging manufacturing to power economic progress of the country. Your company FAG Bearings India Ltd. (then Precision Bearings India Ltd.) was born out of one such dream. While the Company was registered in 1962, production commenced in 1964 at Maneja, Vadodara. In 2014, we achieved a milestone of 50 years of production in India. 50 years of fulfilling a golden dream called 'Make in India'.



Mobility trends have decisive influence on our company's business. As a young nation, India needs multi modal mobility solutions: personal mobility, urban mobility, interurban mobility, etc. We leverage Schaeffler's innovative technology and our strong local manufacturing footprint to gain the best out of these future mobility trends.



Over past decades we have moved many ideas. Whether it was developing and supplying reliable bearings to Indian Railways or being the first Indian supplier to Maruti, FAG was always there contributing in its small way, to help the nation move on the path of progress.

In 1997 with the commencement of India's first 100% Export Oriented Unit in India, we successfully introduced 'Made in India' bearings to global markets.

Following Schaeffler's global approach 'In the region – For the region', we have continued to invest in new technologies, have increased production capacities and built development competence to stay contemporary and competitive. Affirming our commitment to reach global standards of excellence in manufacturing, we set up a world-class production facility at Savli near Vadodara and are confident that this new footprint will serve as a basis to support the future manufacturing growth of our company for many years to come.

Today, India stands on a cusp of major challenge. It prepares to transform itself towards a path of unprecedented economic progress. ‘Make in India’ captures India’s vision to grow share of country’s manufacturing sector from 15% to 25% of India’s GDP. A vision that motivates us to further strengthen our manufacturing and engineering footprint in India as a foundation of our long-term, sustainable growth strategy.



"In recent years, while we invested a lot in modernizing the Vadodara plant, we were quick to realize that together with upgradation of technology, we would need to invest in renewal of people capabilities. Our refresher program on Q Basics was born out of this need. We focused on enhancing Five S and problem solving skills of all our employees. We implemented Line Challenger - a reverse FMEA initiative with vigour. We now notice a great enthusiasm among our employees to produce Zero Defect Quality."

Sathyanarayanan Gopalakrishnan | Plant Manager - FAG Vadodara Plant

Growing with Markets

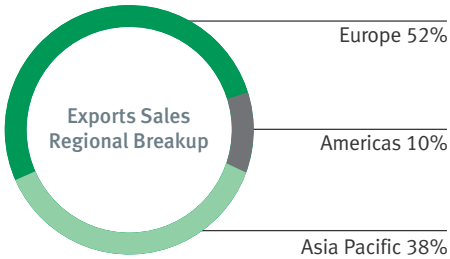
The Vadodara plant started its operation with the production of ball bearings, a product which even today forms the largest part of our local production. Ball bearings produced in Vadodara plant are used in cars, trucks, motorcycles, electric motors, material handling equipment and so on. In fact, there is hardly any rotating application where ball bearings are not used.

As the pace of industrialization grew in India, so did the capacity at our Vadodara plant. In essence, our Vadodara plant mirrors the development of Indian market over the years. Starting with one production hall, Vadodara plant today houses five production halls. Besides adding capacities in ball bearings, the plant now produces cylindrical roller bearings, spherical roller bearings, wheel bearings and a small volume of tapered roller bearings.

Keeping pace with the growth in Indian market and responding to dynamism that is inherent in Indian business, the plant at Vadodara has regularly adapted itself to become a mid-volume and flexible yet efficient production set-up. With Vadodara plant's ability to handle complexities effectively, we have constantly expanded our product portfolio and have developed capabilities to meet our customers' expectations of supplying a wide range of products within short delivery periods.



Ball Bearings have wide ranging applications across different sectors



Export by Region: Small size Cylindrical Roller Bearings produced at Vadodara plant are successfully exported to customers in many countries.



Since many years, Spherical Roller Bearings and Cylindrical Roller Bearings made at FAG's Vadodara plant have been extensively used for diverse Railway applications