SCHAEFFLER

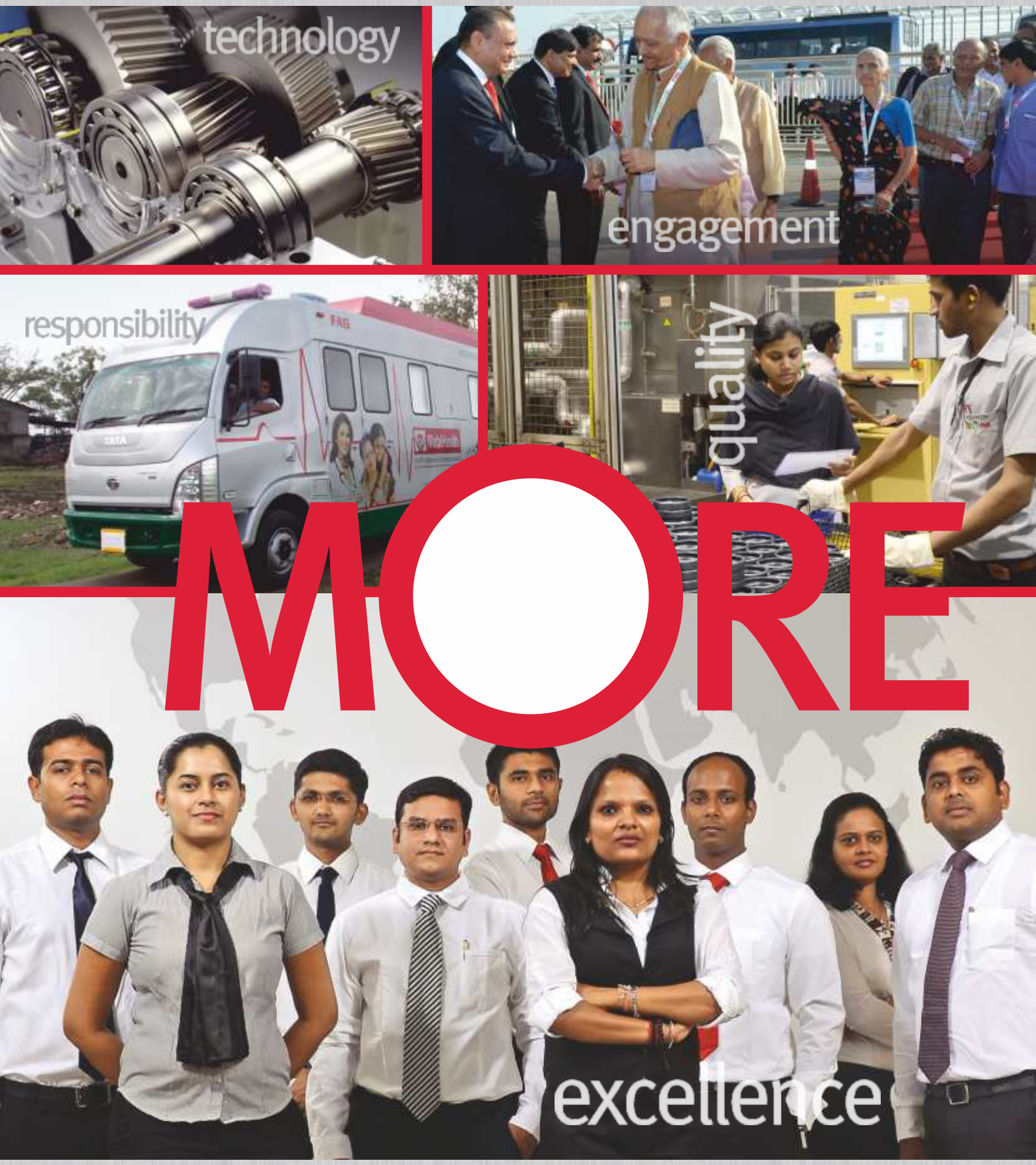
FAG

EXPECT MORE



# FAG Bearings India Limited

Annual Report 2015


technology
engagement
responsibility
quality
MORE
excellence


solutions


passion


performance


smiles


sustainability


SCHAEFFLER
innovation

# 10 YEARS' HIGHLIGHTS

(₹ in million)

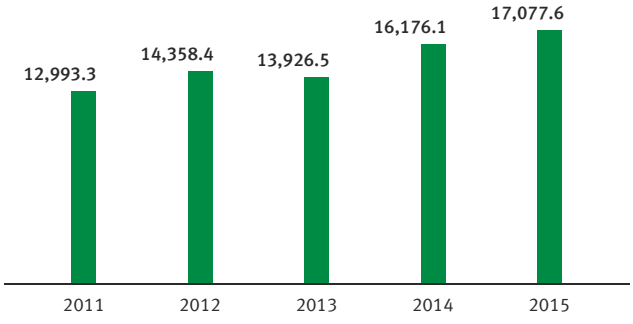
| Year | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | | | | | | |
| Share Capital | 166.2 | 166.2 | 166.2 | 166.2 | 166.2 | 166.2 | 166.2 | 166.2 | 166.2 | 166.2 |
| Reserves* | 12,707.0 | 10,888.9 | 9,708.9 | 8,607.8 | 7,112.6 | 5,546.1 | 4,428.3 | 3,860.4 | 2,990.7 | 2,285.4 |
| Net-Worth* | 12,873.2 | 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 |
| Borrowings - long-term | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Funds employed | 12,873.2 | 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 |
| **INCOME AND PROFITS** | | | | | | | | | | |
| Sales (net) | 17,077.6 | 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 |
| Gross operating profit | 3,614.4 | 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 |
| Profit before tax | 2,938.1 | 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 |
| Tax | 963.3 | 794.9 | 636.1 | 742.9 | 849.9 | 603.8 | 340.4 | 516.3 | 449.5 | 370.8 |
| Profit after tax | 1,974.8 | 1,528.8 | 1,218.3 | 1,591.8 | 1,759.7 | 1,215.0 | 655.4 | 957.2 | 795.3 | 737.0 |
| Dividend Per Share (₹)** | 10.0 | 7.5 | 6.0 | 5.0 | 10.0 | 5.0 | 4.5 | 4.5 | 4.0 | 4.0 |
| Retained earnings | 1,768.9 | 1,383.0 | 1,101.0 | 1,495.2 | 1,566.5 | 1,117.8 | 567.9 | 869.7 | 715.5 | 661.2 |
| **OTHER DATA** | | | | | | | | | | |
| Gross fixed assets | 8,372.7 | 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 |
| Net worth per equity (₹) | 774.7 | 665.3 | 594.3 | 528.0 | 438.0 | 343.8 | 276.5 | 242.3 | 190.0 | 147.5 |
| Debt equity ratio | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Current ratio | 3.6 | 3.4 | 2.4 | 2.9 | 2.7 | 3.1 | 3.2 | 2.8 | 2.5 | 2.1 |
| Production (Nos. in million) | 116.9 | 112.3 | 91.6 | 80.7 | 78.3 | 67.7 | 47.7 | 46.4 | 45.1 | 44.1 |
| Sales (Nos. in million) | 118.1 | 112.7 | 92.9 | 81.5 | 77.4 | 66.3 | 49.2 | 45.4 | 44.6 | 43.0 |
| Employees (Nos.)# | 1,560 | 1,477 | 1,495 | 1,580 | 1,456 | 1,343 | 1,334 | 1,375 | 1,282 | 1,157 |
| Shareholders (Nos.)# | 9,771 | 8,701 | 7,808 | 8,465 | 8,205 | 7,876 | 7,276 | 7,623 | 7,439 | 7,714 |

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

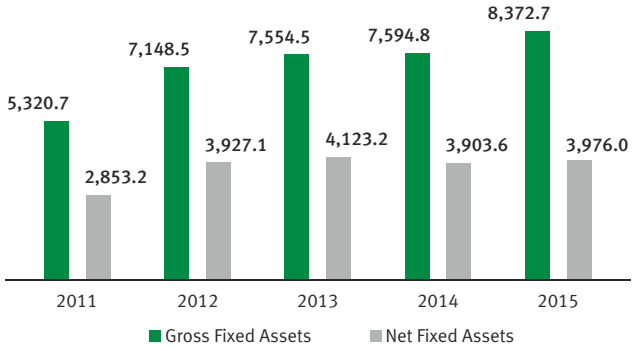
# Performance Highlights: 5 Years

(₹ in million)

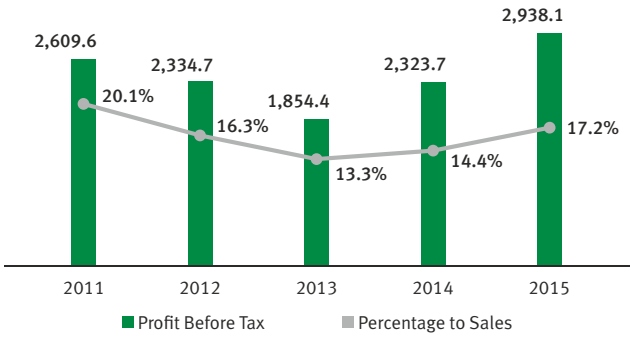
## Net Sales



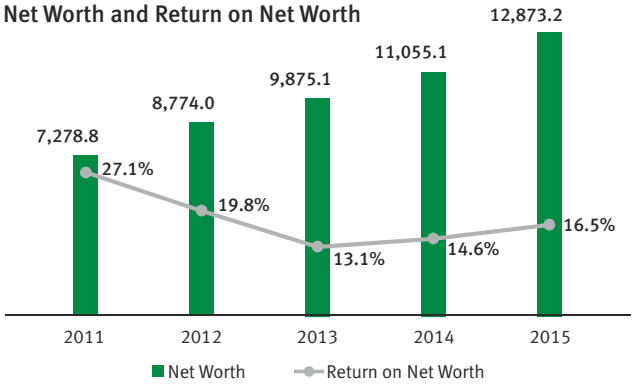

## Gross and Net Fixed Assets



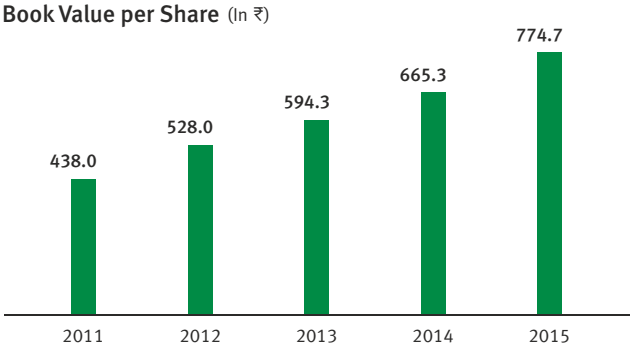

## Profit Before Tax and Percentage to Sales



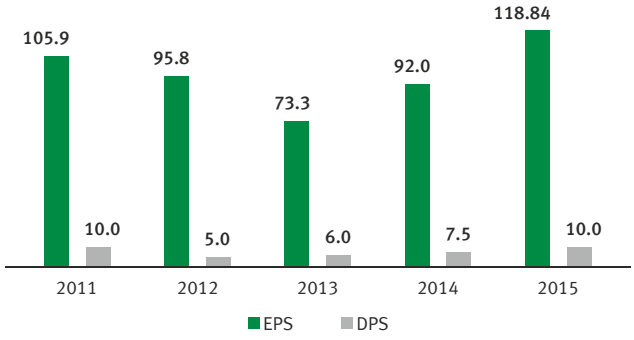

## Net Worth and Return on Net Worth



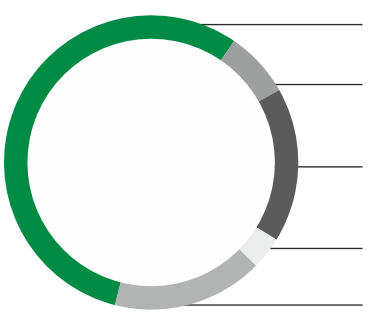

## Book Value per Share (In ₹)




## Earnings per Share and Dividend per Share (In ₹)




## Distribution of Income



**Material Consumption**
**55.4%** (59.6%)

**Personnel Cost**
**7.4%** (8.2%)

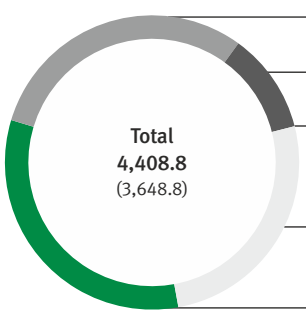
**Other Costs**
**16.9%** (15.3%)

**Depreciation**
**3.7%** (2.9%)

**Profit**
**16.5%** (14.0%)

*Bracket denotes previous year's figures*

## Contribution to Exchequer (₹ in million)




**Customs Duty**
**1,346.36** (1,309.70)

**Sales Tax**
**466.61** (450.70)

**Wealth Tax**
**0** (0.20)

**Income Tax**
**1,150.70** (739.50)

**Excise Duty**
**1,445.15** (1,148.70)

# HIGHLIGHTS 2015



## Exchanging Ideas, Sharing Learnings

In July 2015, the Board of Directors (BoD) of FAG India visited the Schaeffler Headquarters in Germany. During this visit, the BoD toured the plants and R&D facilities at Schweinfurt and 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.




## Exporting Excellence, Importing Prosperity

Engineering Export Promotion Council (EEPC) awarded and recognised FAG as 'Star Performer' under category of Large Enterprise for **'Outstanding Contribution towards Engineering Exports'**. Mr. Suresh Prabhu, Railway Minister – Government of India handed over the award to FAG.



## Strengthening Economic Ties

At the 59th AGM of the Indo-German Chamber of Commerce (IGCC) in September 2015, FAG Bearings India Ltd. received awards for **outstanding contribution towards the promotion of Indo-German Economic Relations** and for **outstanding export performance by an Indo-German joint venture.**




## Customers and Sales Partners visit to Hannover Messe 2015

Top Indian customers and sales partners visited the Hannover fair which showcased a wide range of products and innovations of Schaeffler technology. They were also provided an opportunity to visit one of Schaeffler's largest manufacturing plants, based in Schweinfurt.




## Winning as a Habit

FAG employees participated in **Quality Circle Competition** organised by the Automotive Component Manufacturers Association of India (ACMA) Western Region. FAG employees won **2nd Runners up Trophy** for innovative new solutions.



## Spinning Success - Second year in a row

Rieter India Pvt. Ltd., one of India's leading manufacturers of textile spinning systems, recognised FAG as the **'Best Delivery Supplier' for the 2nd consecutive year** during its vendor meet in September 2015.



## Gold Standard in Quality

FAG India employees won **5 Gold trophies** at the regional Quality Circle Competition organised by Quality Circle Forum of India (QCFI). Additionally, in testament to our continuous improvement initiatives, we also won a **Gold trophy in the Best Kaizen Competition**.

# SHAPING TOMORROW'S MOBILITY - TODAY




1

## Eco-friendly Drive

Schaeffler technology focusses on realising the dream of emission-free driving. Besides innovating in areas of hybrid and e-mobility, we cover optimisation of conventional internal combustion engines. Schaeffler's concept vehicle 'Efficient Future Mobility India' demonstrates how reduction in fuel consumption of up to 15% can be achieved using Schaeffler technologies.



2

## Inter-urban Mobility

Schaeffler is playing a pioneering role in inter-urban mobility by developing rolling bearings solutions for the railway sector – the solutions which add to efficiency, safety and emission reduction.

# Schaeffler Global Perspective

Time flies. In a modern world of rapidly changing technologies, the inventions of today are quickly becoming innovations of yesterday. As a progressive company, Schaeffler is always a step ahead of others in investigating and identifying global trends in mobility. On the basis of these understandings, our research and development engineers have identified four development areas under Schaeffler's global strategic concept 'Mobility for Tomorrow'.




## Urban Mobility

The challenges of urban mobility means great opportunities for Schaeffler to contribute in technologies towards efficient drivetrains of small vehicles and for development of urban infrastructure of today and tomorrow.




## Energy Chain

As renewable energy sources are making a substantial contribution to the energy chain of tomorrow, Schaeffler is pushing its advanced technologies especially in the Wind sector.



In order to meet the growing customer expectations, we reinforce our core competence areas of Quality, Technology and Innovation. Our employees with their high level of commitment and hard work strive to deliver 'more' and exceed customer expectations.

# EXPECT MORE

The 21st century has ushered in profound changes in the business world. The 'customer is king' approach has become engrained in our professional thinking.

In consumer markets, digitisation is transforming the way customers shop. Thanks to disruptive changes in technologies – social networking, cloud computing and so on – markets are becoming complex and competitive. The rise of techno-savvy Gen Y consumers has made online buying a routine process; and brand loyalty, a rarity.

**At FAG we believe that organisational transformation and employee creativity are closely linked. Employees working in teams challenge status quo, innovate new solutions and raise the bar. In the picture FAG employees receiving Gold Trophy at Best Kaizen competition from ACMA (WR).**




The landscape of industrial business too is rapidly changing. Customers want better quality and features. Sensitivity, awareness and responsiveness towards safety and environmental aspects are growing; making it imperative for manufacturers to remain on high alert at all times. Product life cycles are getting shorter and 'time-to-market' for new development is being constantly challenged. Supply chains are being pushed to look for smarter ways to meet customer expectations since traditional lead times are no longer accepted. The role of distribution channel will be re-written based on its ability to add value. Customers obviously expect more.

The confluence of changes in customer expectations and emergence of new competitive forces in the market puts an ever-increasing pressure on organisations.

In 2015, markets both in India and globally, remained turbulent. While the overall mood in India is still optimistic; at the ground level, business environment remains challenging. In the context of these profound changes, organisations must reinvent themselves, remain agile, and become competitive to be successful.

This is what we continuously strive to do. We produce better quality, innovate new products and services, improve operational excellence and raise people competence.