

AUTOCAR

PROFESSIONAL

ESSENTIAL READING FOR THE AUTOMOTIVE INDUSTRY



EMISSION IMPOSSIBLE

Meeting the April 1 deadline for new clean air standards is a daunting task



**WEBASTO MOTHERSON
BAGS EXPORT ORDER**



**MAHINDRA INKS JV WITH
RENAULT TO MAKE LOGAN**



**BHARAT GEARS MAKES
A STRONG COMEBACK**

PLUS

INTERVIEW:
GEET LULLA
OF SAP INDIA

PRICOL'S NEW
ELECTRONIC
TACHOGRAPH

The Mumbra facility has some of the latest equipment and caters largely to the OEMs.



Back with a bang

Bharat Gears looks to the future with greater confidence.

STORY: **D SATYANARAYAN** PHOTOGRAPHY: **RACHIT GOSWAMI**

It has been a remarkable turnaround for Bharat Gears. The company, which was struggling a couple of years back following labour unrest and stagnant market demand, is now back and with a bang. It only seemed like yesterday when the picture was one of machines lying idle and today the order books are full with more coming.

Chairman and managing director, SP Kanwar says, "We are back in the black. We have learnt quite a few things from the lean period. We were able to bounce back so quickly because all the employees contributed to the turnaround."

"We are a far more cohesive

team than ever before and most of our customers continue to do business with us in those times. Our banks had faith in us and helped us to get out of the bad times."

Bharat Gears makes a range of hypoid/spiral gears, differential gears and shafts, complete automotive transmissions, gearbox sub-assemblies and differential assemblies. The company supplies to manufacturers of commercial/utility vehicles and tractors. It has two facilities at Mumbra (near Mumbai) and Faridabad.

The Mumbra unit was the first to start operations in 1974 and is spread over close to 1.5 million

square feet. "This facility takes care of a large part of the demand at the OEM level. We have recently bought some new CNC machines to enhance output. Our main products are the bevel and crown gears for which we have some of the best equipment," Kanwar says.

With more orders pouring in, the company plans to invest around Rs 6 crore next fiscal for capacity expansion and upgrading facilities at both plants. "We have already spent close to Rs 7 crore over the past year or so for expansion and buying new machines. This is part of our strategy to constantly meet rising

SIGNIFICANT EVENTS

- 1972 Foundation stone laid at Mumbra factory.
- 1973 Inauguration of hypoid plant and commencement of production.
- 1980 Bharat Gears becomes the first company in India to have both cutting systems under one roof.
- 1981 Signs memorandum of association with AFC-Holcroft, US for construction of furnaces in India.
- 1985 Enters into collaboration with ZF Friedrichshafen AG, Germany.
- 1987 Delivery of ZF S6-36 gears & shafts to Ashok Leyland and ZF.
- 1988 Starts business with Dana Corp of the US.
- 1996 Bharat Gears crosses turnover of Rs 100 crore
- 2000 Receives QS 9000 for both facilities

demand," he says. Bharat Gears is aiming at a growth of 22-25 percent in 2005-06. It will also focus on reducing its debt burden in the next couple of years.

The company anticipates growth of 30-36 percent in the CV business and 20-23 percent in tractors. "We were affected by the downturn in both segments but with demand picking over the last year, things have significantly improved for us. We are now looking at expanding in these sectors by catering to more customers," Kanwar says.

"We are very bullish on the tractor segment, which is seeing greater demand from the export markets. We would like to make a mark overseas. With Mahindra & Mahindra foraying into China, there may be a window for us to follow suit though this is still some time away," he says.

Despite gloomy predictions on a slowdown in CV sales, he is upbeat. According to him, demand for tractor-trailers will increase because of new roads. "At present, demand for smaller trucks is very high but with better roads, there will be a need for higher tonnage trucks and this will bring us more business," he adds.

Growing demand

The contribution from the UV segment is also expected to rise thanks to growing demand in semi-urban and rural markets. Pickups, in particular, are expected to do a lot better in the next few years.

In the domestic market, the company caters to Ashok Leyland, Volvo India, Swaraj Mazda and Axles India in the CV segment. In the tractor business, its biggest client is M&M followed by TAFE, Carraro India, Escorts and VST Tractors (Mitsubishi).

In UVs, the list of customers includes M&M and Spicer India, which in turn caters to Tata Motors and General Motors India. In 2004, Bharat Gears also began supplies of gears to Toyota Kirloskar Auto Parts (TKAP) which exports to other plants worldwide.

Demand for Bharat Gears' products has picked up in Europe and the US over the last year. The company has also been benefited from the strong euro which has helped offset some losses.

It is now planning to reduce its

dependence on the domestic market and will look at a greater contribution from exports to turnover. "A vital lesson we learnt from the downturn is that sustaining the business is far more important than growing at a fast pace.

"We can see the spinoffs from this learning and are in the process of getting back customers who left us after doing business for almost two decades. To win back their confidence is a great achievement," Kanwar says.

The company already has a significant presence in the exports market where a majority of its customers are in the tractor business. The foreign client list includes New Holland, L&T John Deere, Same Deutz-Fahr, Carraro Italy, Funk USA, TDI USA, Dana Corporation (USA) and ZF Hungary and China.

Aftermarket problems

The company now plans to tap the overseas aftermarket where it hopes to increase its presence over the next few years. "There has been a downturn in the aftermarket, which was expected. But what we were not prepared for was the pace at which this market shrunk. This was due to two reasons. One, the government's decision to ban trucks over 15 years old caused a sharp drop in sales.

"Also, the ban imposed on eight-year-old trucks in Delhi and Mumbai further hit demand from the aftermarket. Two, our R&D considerably improved life of the axle gears but the ban on the vehicles did not help," Kanwar says. Moreover, with OEMs themselves digging in their heels to supply to the aftermarket, Bharat Gears finds the going tough.

Interestingly, the Faridabad facility was commissioned to cater largely to this segment of the market. The unit was created by the amalgamation of Universal Steel & Alloys with Bharat Gears under a scheme of rehabilitation sanctioned by the Board of Industrial and Financial Restructuring in 1998. The acquired plants were upgraded and expanded in May 2000.

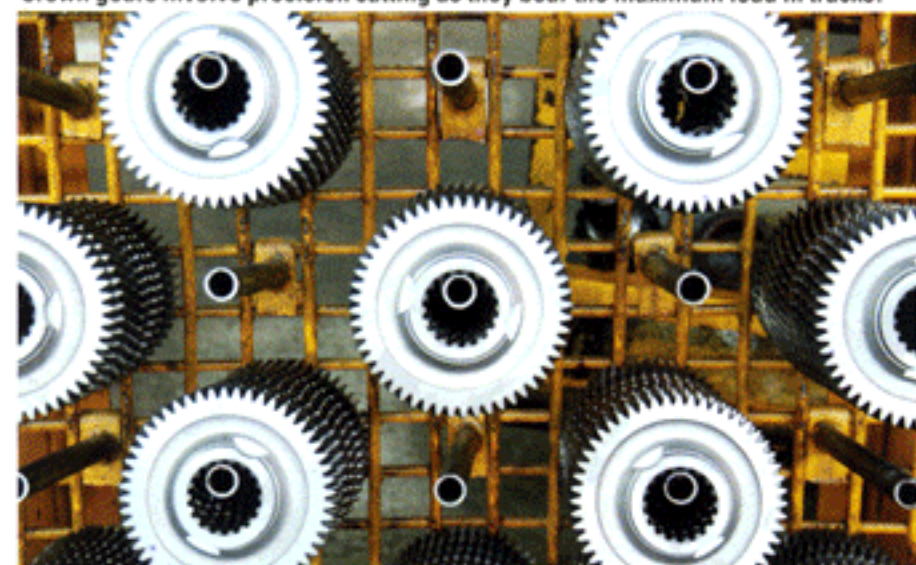
"This unit has state-of-the-art equipment. It operates entirely on generators because the power supply situation is very bad there. Though it was okay initially, the rise in diesel prices hit us hard. Even then, it is not possible for us to



The company has horizontal CNC machines for cutting bevel gears and pinions.



Crown gears involve precision cutting as they bear the maximum load in trucks.



The company makes gears for vehicles ranging from UVs and tractors to trucks.



Bharat Gears supplies axles for the Tavera to Spicer India, which caters to GM.



Heat treatment is the most critical part in making gears.

depend on electricity supply as machines will be affected due to the switch to generators," Kanwar says.

The Faridabad facility manufactures hypoid ring gear & pinion and transmission gears. It has a capacity to make 1.2 lakh units per annum of the first two and four lakh units of transmission gears. The Mumbra plant has a capacity to make 3.2 lakh units of hypoid ring gear & pinion per annum, 10 lakh units of differential gears & crosses and 4.75 lakh units of transmission gears.

Aiming high

However, Bharat Gears has no plans to recruit more people to meet the growing demand. "After the strike, we laid off around 250 blue collared workers and are now functioning with adequate manpower. We do not intend to hire any more people," he says. The Mumbra facility has 850 people on the shopfloor.

"Our growth, since the time we started, has been nothing short of phenomenal. From producing a few small gears, we have gained expertise in making large and complex heavy-duty gears. Our

endeavour is to constantly improve and innovate.

"Our aim is to become the preferred supplier by OEMs and tier-I suppliers alike. For us, both domestic and international markets will play equally important roles in our growth," Kanwar reiterates.

Bharat Gears, which began operations in 1971, is among the country's largest gear manufacturers and makes some of the most complex and heavy-duty products. In 1985, it entered into a technical collaboration with ZF Friedrichshafen AG of Germany, the world's largest maker of drivelines and chassis for automobiles.

In order to make internals for heavy-duty power shift transmissions, Bharat Gears has some of the best equipment for parallel axis grinding and welding purposes. Kanwar says the company's mainstay is the heat treatment division. "This is the most crucial aspect of all the processes. It is the final detail that has the maximum impact on the products life."

The company also builds a variety of heat-treatment furnaces with technical know how from AFC-Holcroft of the US. Some of



Kanwar has managed to turn around the company and has lead from the front.

these include sealed quench, continuous gas carburisers and rotary hearth furnaces.

A group company, Raunag International is an engineering contracting organisation engaged in the service of core sector of industries. It has the capability to design and engineer, do quality assurance and inspection for undertaking turnkey contracts. "We are working on the National Thermal Power Corporation's new site at Seepat in

Chhattisgarh," he says.

Its competitors include Eicher Demm, which is part of the Eicher Group, and the Gajra Group. The former caters largely to the needs of its sister concerns - Eicher Motors and Eicher Tractors. The Gajra Group has two units - Gajra Gears and Gajra Differential Gears - that make a range of products. Gajra Differential also makes crown wheels & pinions, bevel gears & pinions, etc. These are used in trucks for heavy-duty purposes. **AP**