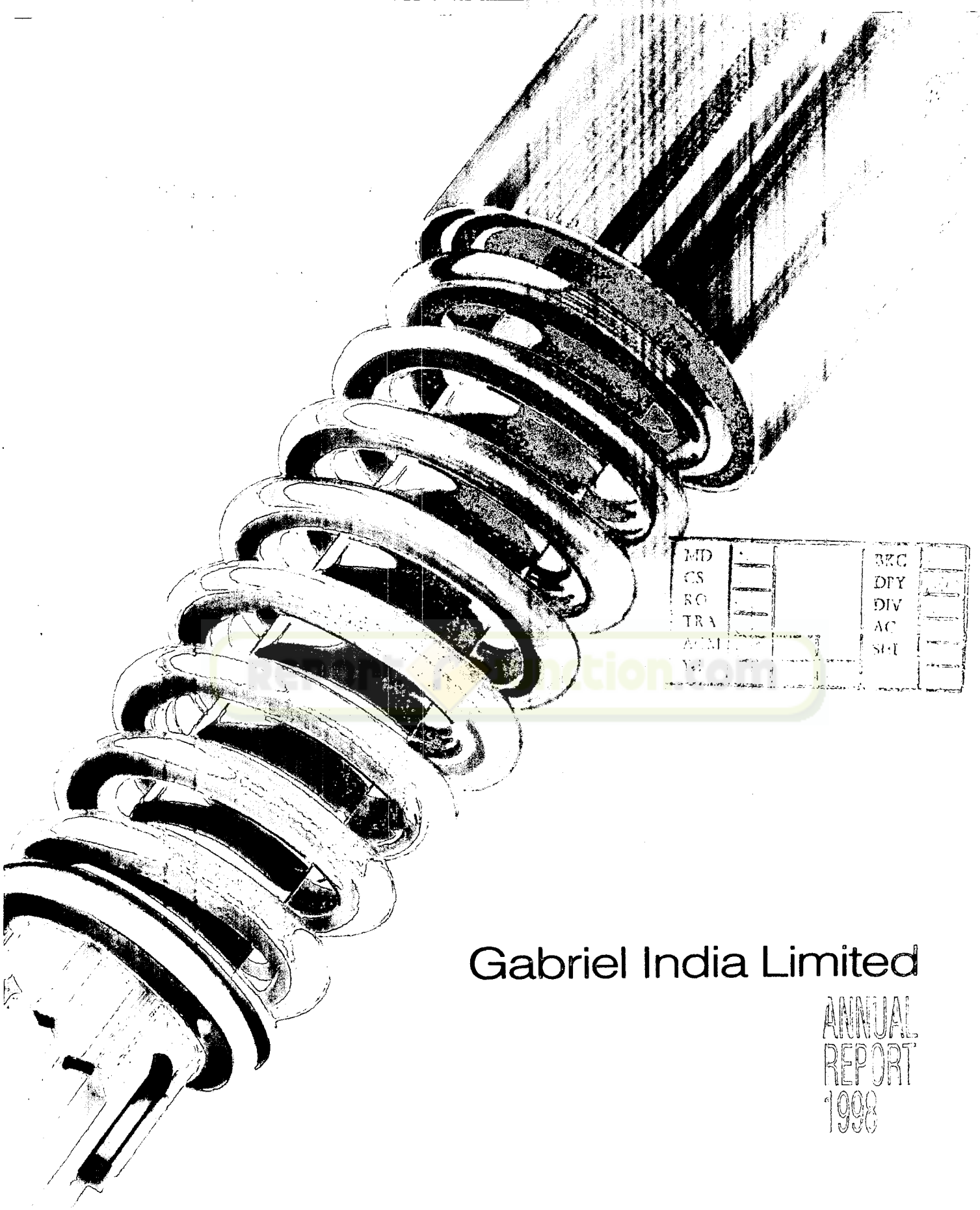


Gabriel India Limited

ANNUAL REPORT 1998

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Gabriel India Limited

Corporate Office

1 Sri Aurobindo Marg
New Delhi 110 016

Registered Office

10 Prasad Chambers
Opera House
Mumbai 400 004

Manufacturing Facilities

Ride Control Products

S-304, LBS Marg
Mulund
Mumbai 400 080 (Maharashtra)

Chander Nagar Indl. Area
Delhi-Jaipur Road
Gurgaon 122 001 (Haryana)

B-2, Ambad
MIDC
Nashik 422 010 (Maharashtra)

5, Industrial Area No. 3
Agra-Mumbai Road
Dewas 455 001 (Madhya Pradesh)

29th Milestone
Pune-Nashik Highway
Village Kuruli
Taluka Khed
Pune 410 501 (Maharashtra)

H-102, New ASDC
HUDCO
Hosur 635 109 (Tamil Nadu)

[illegible]

Plot No. 5, Sector II
Parwanoo 173 220 (Himachal Pradesh)

Board of Directors

Deep C Anand
Chairman & Managing Director

H R Prasad
Joint Managing Director

V W Hunt
W B Vance
Alan C Johnson
Russi Jal Taraporevala
B K Khare
M K Kukreja
T V Mansukhani
K N Subramaniam
Ms R Vasan (Nominee of ICICI)
T B Subramaniam (Nominee of UTI)

General Manager & Company Secretary

V K Batra

Bankers

ANZ Grindlays Bank
Bank of India
Bank of Nova Scotia
Oriental Bank of Commerce
Punjab National Bank

Auditors

Price Waterhouse & Co.

Solicitors

Udwadia, Udeshi, Desai,
Berjis & Chinoy

ANAND
Our way is working.

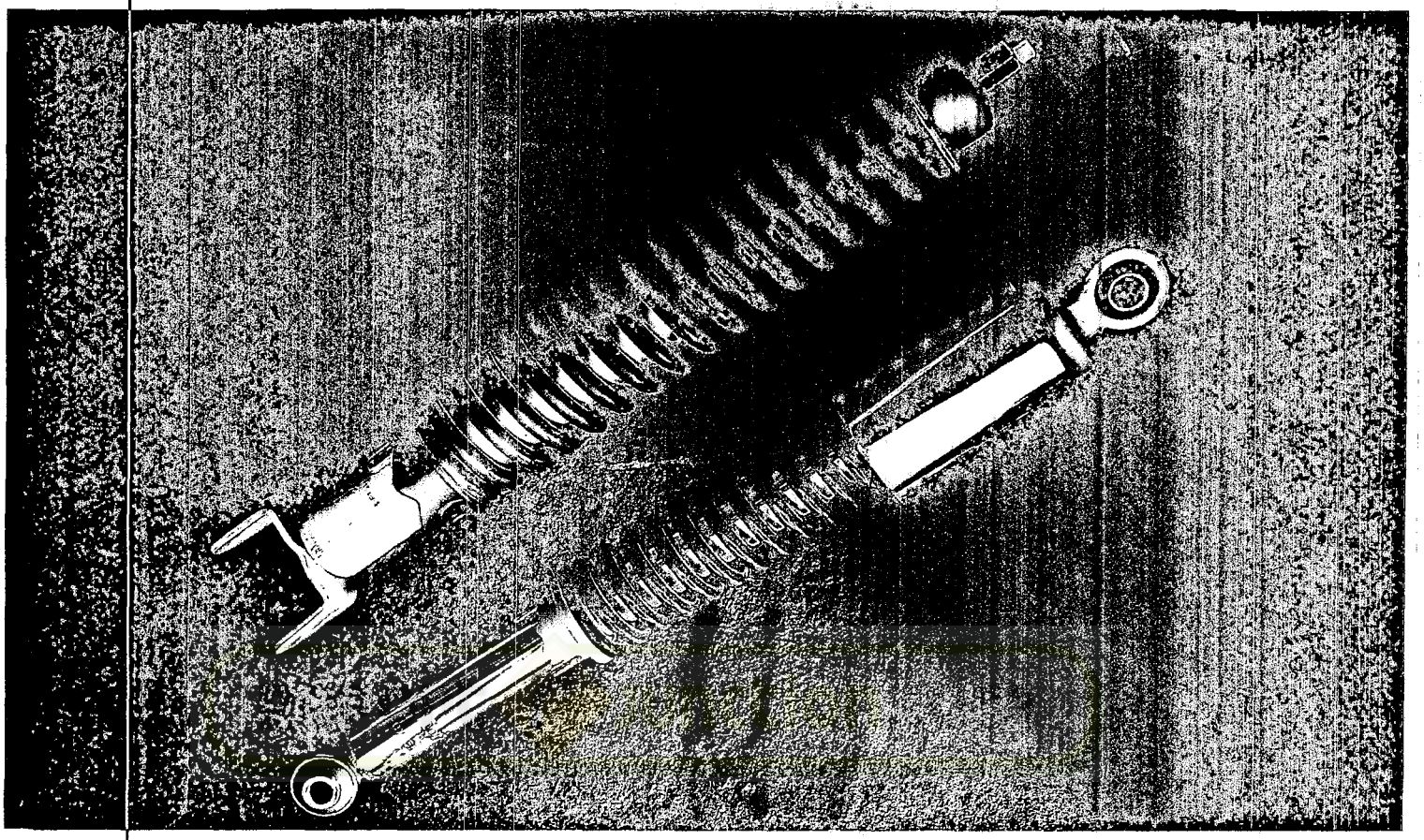
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FINANCIAL HIGHLIGHTS

	1997-98	1996-97
Domestic Sales (Rs. Lacs)	18603	19304
Export Sales (Rs. Lacs)	1988	1446
Total Sales (Rs. Lacs)	20591	20750
Profit Before Tax (Rs. Lacs)	771	1603
PBT as a % to Sales	3.74	7.72
Profit After Tax (Rs. Lacs)	683	1394
PAT as a % to Sales	3.32	6.72
Return on Net Worth (%)	7.65	16.52
Net Worth per Share (Rs.)	125.18	118.26
Earning per Share (Rs.)	9.57	19.54
Dividend per Share (Rs.)	2.50	5.00
Dividend Cover (Times)	3.83	5.01
Return on Total Assets (%)	2.41	5.53

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CORPORATE HIGHLIGHTS



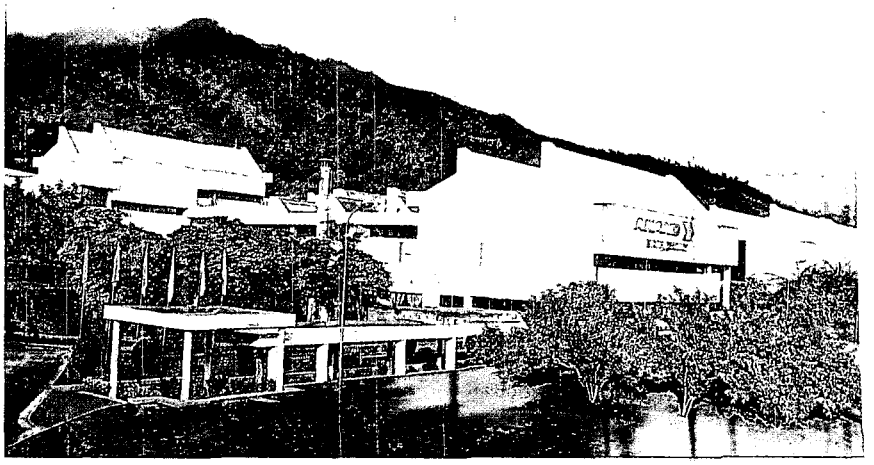
- → **Export increase of 38%**
- → **Agreement with Arvin, USA for export of Ride Control Products to Arvin's Worldwide Distribution Network**
- → **Commenced commercial production of Shock Absorbers at Surajpur and Hosur plants**
- → **Kayaba design Shox/Struts project initiated**
- → **Golden Peacock National Quality Award for Nashik plant**
- → ***Gurgaon Industrial Association Award for Excellence in Quality Systems and Customer Care for Gurgaon plant***
- → **Company received the Analysts Award for being the 'Most Investor Friendly Company'**

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CORPORATE PROFILE

The largest manufacturer of Ride Control Products in India, Gabriel India Limited was established in 1961. Synonymous with shock absorbers, Gabriel is the acknowledged market leader. Comprising two divisions, Ride Control and Engine Bearings, Gabriel India has eight plants spread across different states of India. The Company has ISO 9002 Certification for all its products, with its Ride Control Division being the first in India to achieve this distinction for its entire product range.

From one plant one product unit, Gabriel India is today a multi-faceted company and the principal supplier of Shock Absorbers, McPherson Struts, Front Forks and Engine Bearings to all segments - OE, Aftermarket and Exports. To cater to the global vehicle manufacturers who have set up operations in India and to enlarge its overseas customer base, the Company has undertaken major expansion and is further gearing up its technical and commercial organisations to meet the exacting standards of its customers.



A view of the Engine Bearing facility.



Analysts Award for Gabriel India for the 'Most Investor Friendly Company', being presented to Mr HR Prasad, Joint Managing Director, Gabriel India.

RIDE CONTROL PRODUCTS DIVISION

Shock Absorbers/Struts/Front Forks

Gabriel India started its operations at Mulund in Mumbai with the manufacture of shock absorbers. Over the years, the Company has set up several plants with technology from world renowned Collaborators. The Company has a manufacturing capacity of over 10 million shock absorbers, struts and front forks per annum and supplies these products for application in both 4 and 2-wheelers. It manufactures a wide range of hydraulic and gas-pressurised shock absorbers. With seven state-of-the-art plants, the division today caters to OE manufacturers, the Replacement Market, Exports and Railways.

In addition to its existing OE customers, the Company is also supplying shock absorbers



Chinese OEM delegation on a visit to the Strut plant.

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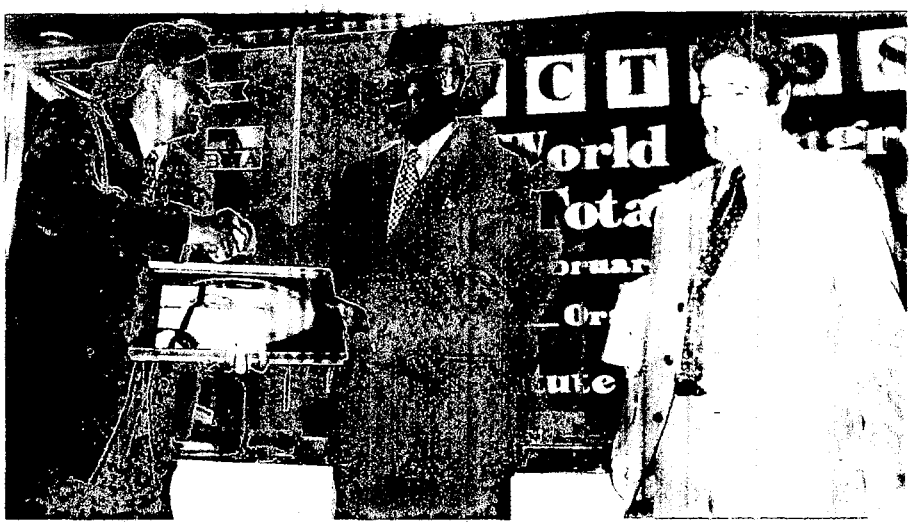
to new generation car manufacturers such as Mahindra Ford for their Escort CE 14 and is working on product development for other OEMs. The Company has also received approval for shock absorbers and struts for Telco's mini car. In order to meet the requirements of its customers on JIT basis, the Company's manufacturing facilities are located in close proximity to those of the OEMs.

The first Strut plant of Gabriel India was set up at Gurgaon to cater primarily to the requirements of Maruti Udyog. It also has facilities for making Gas Struts and Cartridges. The plant is currently working towards manufacturing Struts with new design and technology from Kayaba, Japan. To expedite product development, the Company has set up a special project team to liaise with Kayaba on a continuous basis. This plant has also received the Gurgaon Industrial Association Award for Excellence in Quality Systems and Customer Care.

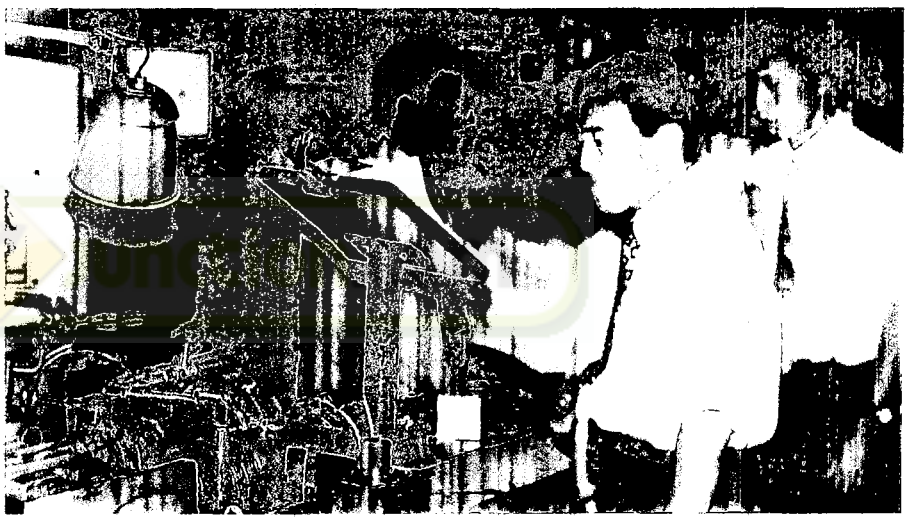
Gabriel's Dewas plant manufactures hydraulic and gas-pressurised shock absorbers for passenger cars and commercial vehicles. It meets the complete shock absorber requirement of major 4-wheeler OEMs such as Hindustan Motors, Bajaj Tempo, Eicher Motors and Swaraj Mazda. In addition, it also caters to a large part of Telco's requirement.

The Nashik plant, set up mainly to cater to the shock absorber requirement of two/three-wheeler OE manufacturers, also has facilities for manufacture of telescopic front forks for motorcycles. Technology has been provided by IIC/SOQI and Yamaha Motor Company of Japan. The plant supplies front forks to Bajaj Auto for their KB-100 and 4S models. To ensure quality products to its customers, the plant is using world class software to carry out on-line production testing. As a result of its efforts, this plant for the second consecutive year, received the prestigious Golden Peacock National Quality Award presented to it at the World Congress on Total Quality.

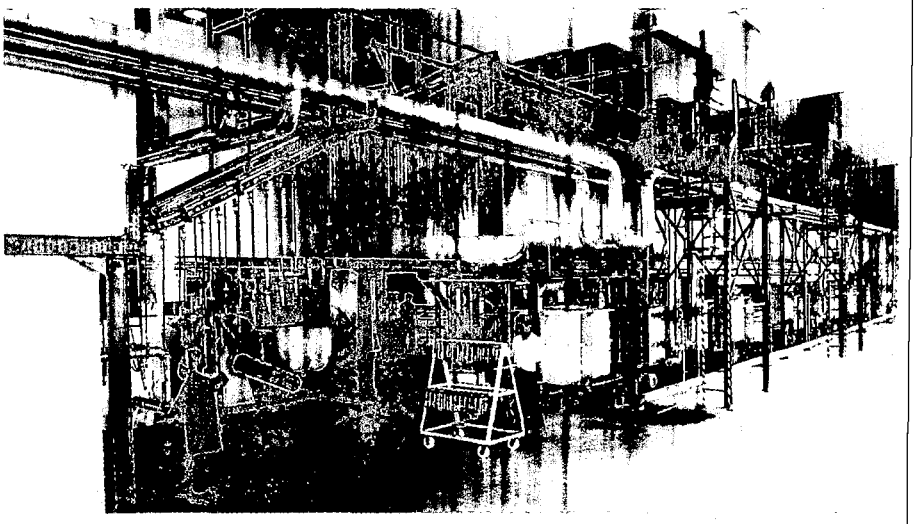
The ultra-modern facility at Pune for struts and shock absorbers has been set up with technology from Kayaba, Japan and APA - Kayaba, Spain. The plant is equipped with high quality indigenous and imported machines. Samples to OEMs for some of the new



Golden Peacock National Quality Award for Nashik plant being received by Mr GR Pai, Plant Manager, from the Governor of Maharashtra, Dr PC Alexander.



Kayaba team from Japan at the Strut plant.



Paint Line with special features at the Pune facility.

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generation cars are under development and, in some cases, awaiting approval.

Another new plant of Gabriel India at Hosur in Tamil Nadu has been set up to cater mainly to the shock absorber and front fork requirements of two-wheeler manufacturers especially those based in South India. In the short period since its inception, this plant has developed shock absorbers for both OE and Aftermarket segments and is working on product development for other OE applications and Export market.

STALLION SHOX LIMITED

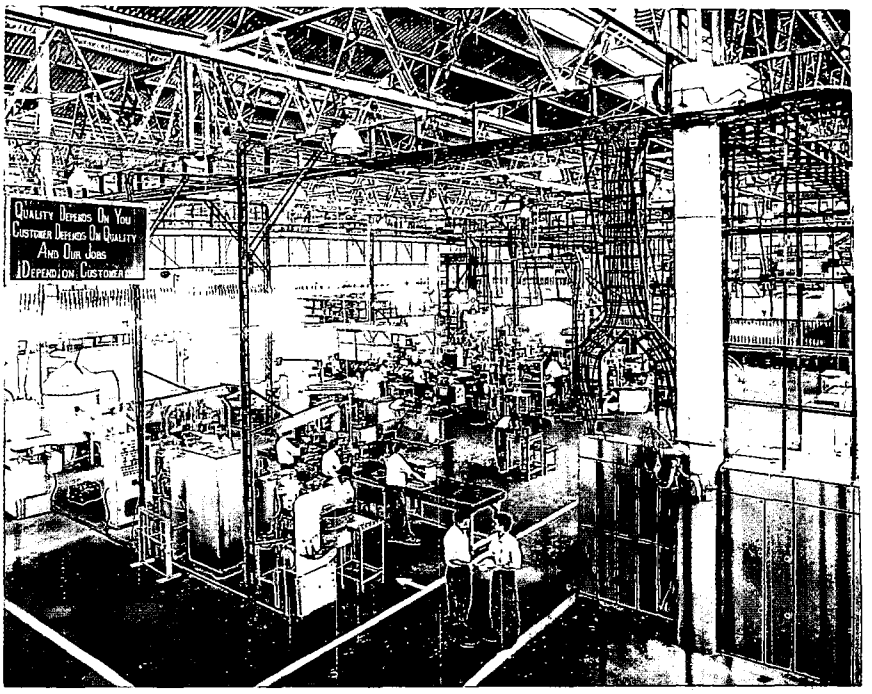
Stallion Shox Limited, an acquisition and a subsidiary of Gabriel India, is located in Surajpur, Uttar Pradesh. With a capacity of 1.5 million shock absorbers, the plant is equipped with modern machines, imported mainly from USA and Canada, and also has in-house hard chrome plating facilities, most essential for achieving quality.

The Company has recently been awarded the ISO 9002 Certification within a record period of three months.

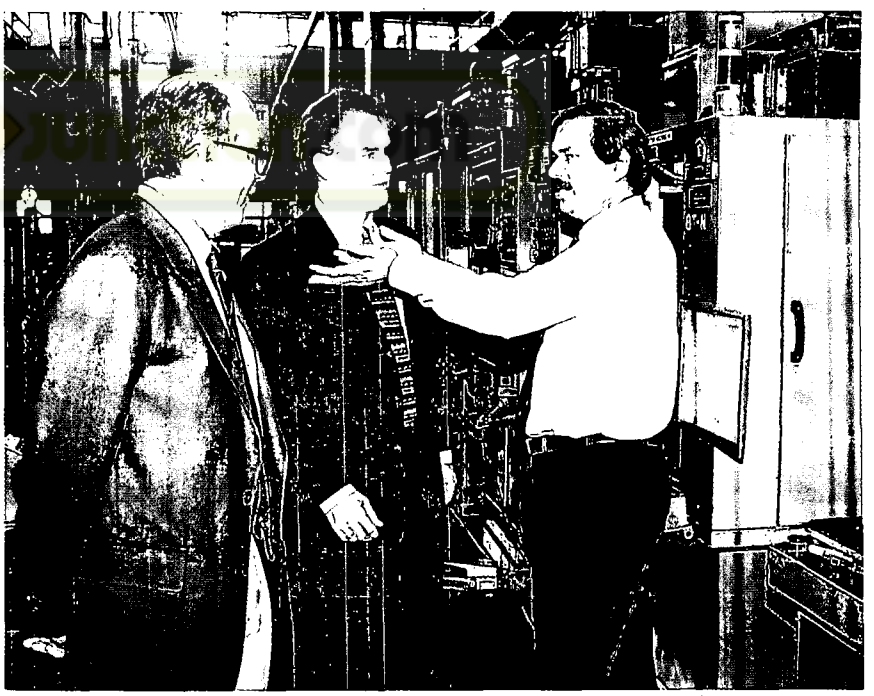
The Company started commercial production in August 1997 and the product, within a short period of its launch, has found ready acceptance in the market. Shock absorbers for OE applications have been developed and are expected to be approved shortly. The Company also expects to supply to other OEMs located nearby. The Company has made an inroad into the export market as well.

WORLD CLASS EXPERTISE

Gabriel India has received technological support from its collaborator, Gabriel Ride Control Products of Arvin Industries Inc., USA, in product design, manufacturing technologies, as well as in the design and execution of its plants at Gurgaon and Dewas.



Shock Absorber plant of Stallion Shox.



Mr Wesley B Vance from Arvin (centre) at the Nashik facility.

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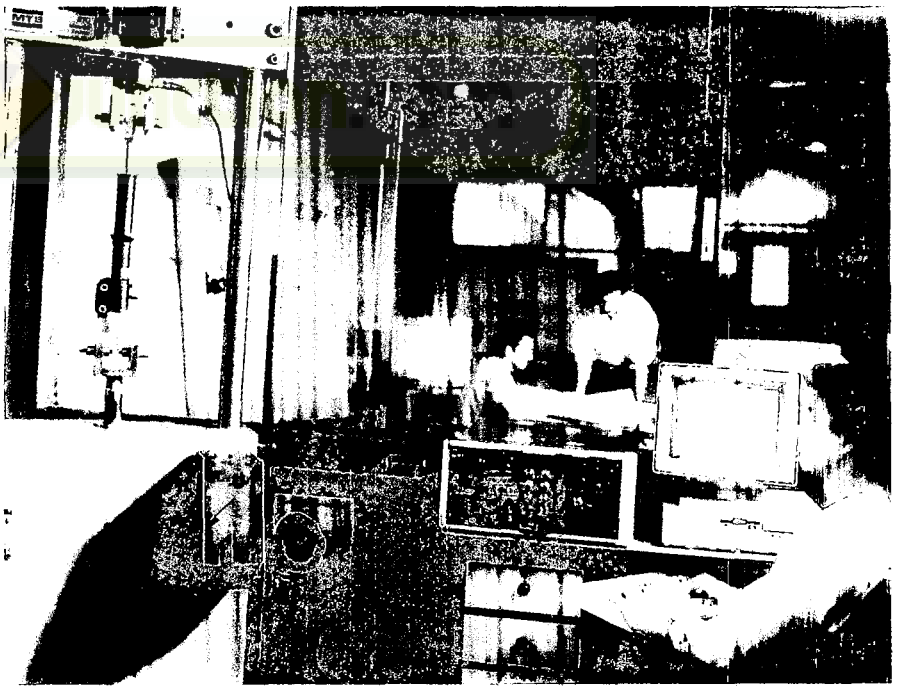
The Company's other collaborator, Yamaha Motor Company, has extended valuable support through technological input and expertise. Several of the Company's engineers have visited Yamaha/SOQI plants in Japan where they have been exposed to the Japanese work ethos. Gabriel India plants have adopted the Japanese concepts of cellular manufacturing and JIT. The technical collaboration with Kayaba of Japan has helped Gabriel India's engineers to be trained at the Kayaba facilities in Japan and at APA Kayaba, Spain.



Mr Takao Kasamara, Japanese consultant, at the Hosur plant.

R&D / TECHNICAL SERVICES

Gabriel India has made R&D a major thrust area to meet the emerging quality standards demanded by customers in the domestic and overseas markets. In addition to the existing R&D facilities at Mumbai, Nashik and Delhi, the Company has also set up an ultra-modern R&D facility at Chakan, near Pune. With a well-equipped testing and validation centre at Pune, expected to be fully operational shortly, Gabriel India will ensure adherence to stringent product specifications. An MTS Servo - Hydraulic Test System has already been imported from USA for conducting simulated durability tests. The product validation centre will also provide diagnostic support to all Gabriel Ride Control plants for further product improvement. For existing applications, improvements in product designs resulted in customer satisfaction and lowering of warranty costs.



R&D facility at Delhi.

To maintain synergy with the modern R&D set-up at Pune, the Technical Services Group, earlier in Delhi and now based in Pune, has been restructured to add value to the technical function. The main activities of this Group are in the areas of improvement of processes, process capability and quality; design and development of equipment and tooling; enhancement of operational productivity; and assistance in implementation of new projects on schedule and effective technology absorption.

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ENGINE BEARING DIVISION

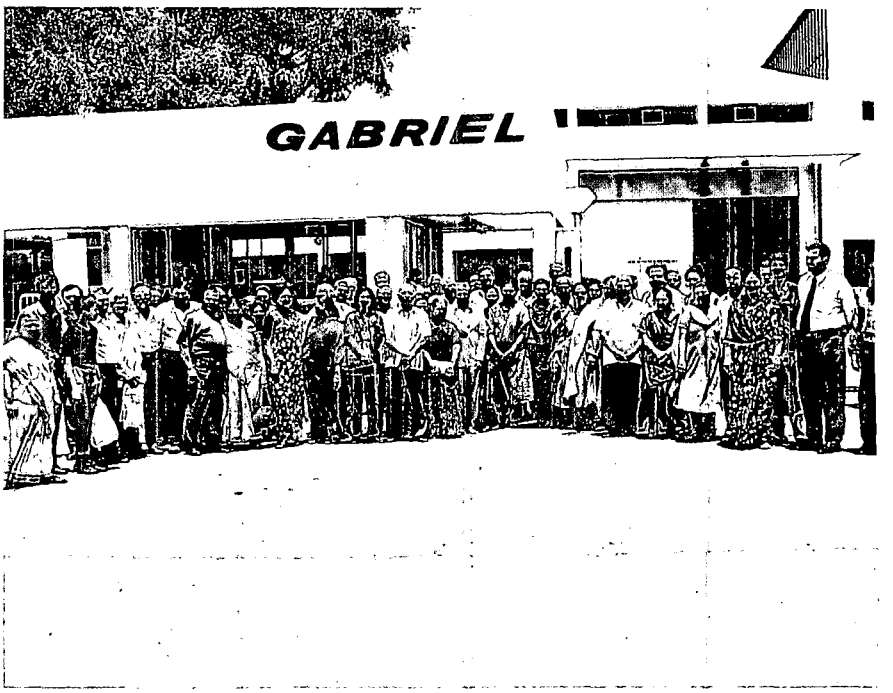
Set up in 1980 at Parwanoo in Himachal Pradesh, the Engine Bearing Division marked Gabriel India's first diversification. In collaboration with Federal-Mogul Corporation, USA, world leaders in thin-walled, bimetal Engine Bearing technology, this Division was the first in the country to manufacture a complete range of Bimetal Bearings, Bushes, Flanges and Washers from the raw material stage. Its fully integrated plant has a manufacturing capacity of 17 million pieces per annum.

Consisting of a non-ferrous powder foundry, sinter lines, semi-automatic presses, high-speed broaching machines and an automatic electroplating facility, the Division also has a fully-equipped in-house chemical and metallurgical laboratory. Sophisticated testing facilities such as Tallyrond, Surface Analyser and other metallurgical equipment are available to evaluate the quality of the product.

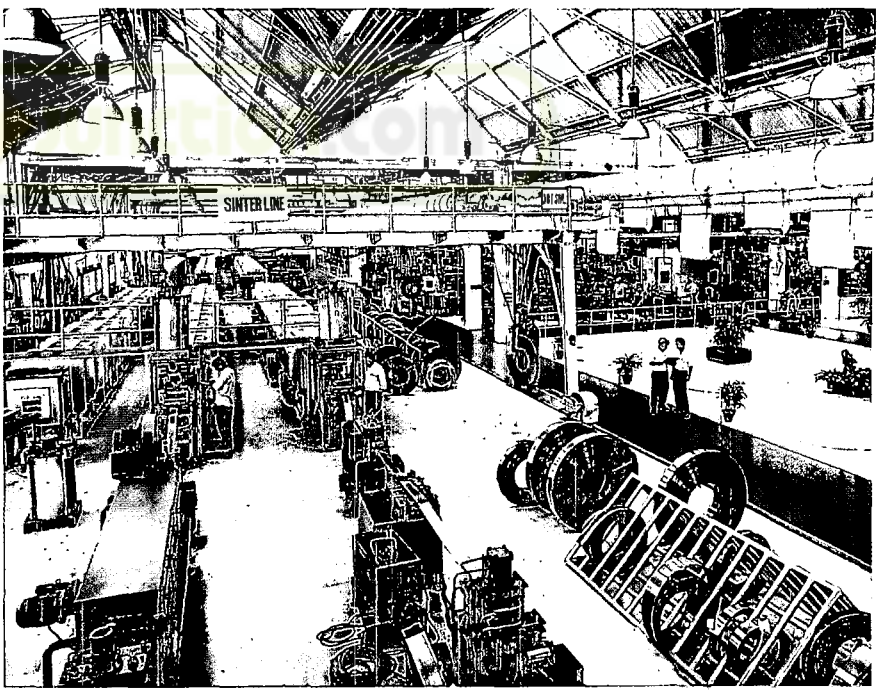
With indigenously sourced equipment and designed completely in-house by its Technical Services Group, the Bearing Division has a semi-automatic line for manufacture of aluminium tin and copper-lead Bearings. The plant is also equipped with a medium size bearings line to cater to the rising demand for Cummins and Railway Rod Bearings.

The Division has commissioned a fully automatic production line with logic control systems imported from Federal-Mogul. In addition, it also has tandem strip lines for strip manufacturing and a sophisticated Electroplating Plant.

The Engine Bearing Division also manufactures Large Size Bearings with German technology. A complete range of Bearings, catering to a variety of requirements for the Railways, Marine, Power Generation and Industrial segments, are manufactured in this state-of-the-art plant. This Division is currently supplying Large Size Bearings to Diesel Locomotive Works at Varanasi and for Skoda and Bergens engines as well. Large size bearings have also found niche markets abroad.



Gabriel India Shareholders on a plant visit.



Engine Bearing plant.

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