

# Gabriel India Limited

annual report 2007

Report  junction.com **GABRIEL**

# Gabriel India Limited

## Board of Directors

Deep C Anand  
Chairman

K N Subramaniam  
Managing Director

Russi Jal Taraporevala  
C S Patel  
Ravi K Sinha  
Jaithirth Rao  
Padmini Khare Kaicker  
M S Sandhu  
Arvind Walia - Wholetime Director

## Financial Controller & Company Secretary

Manoj Tulsian

## Bankers

Standard Chartered Bank  
Bank of India  
ICICI Bank  
Punjab National Bank  
IndusInd Bank  
Citi Bank

## Auditors

Price Waterhouse & Co.

## Solicitors

Udwadia & Udeshi

## Corporate Offices

1 Sri Aurobindo Marg  
New Delhi 110 016

Magnet House  
N M Marg  
Ballard Estate  
Mumbai 400 038

## Registered office

29th Milestone  
Pune-Nashik Highway  
Village Kuruli  
Taluka Khed  
Pune 410 501  
(Maharashtra)  
Tel: 02135-261091/098/012  
Fax: 02135-561935  
mail: secretarial@  
gabriel.co.in

## Manufacturing Facilities

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

B-2 MIDC  
Ambad Indl. Area  
Nashik 422 010 (Maharashtra)

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

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

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

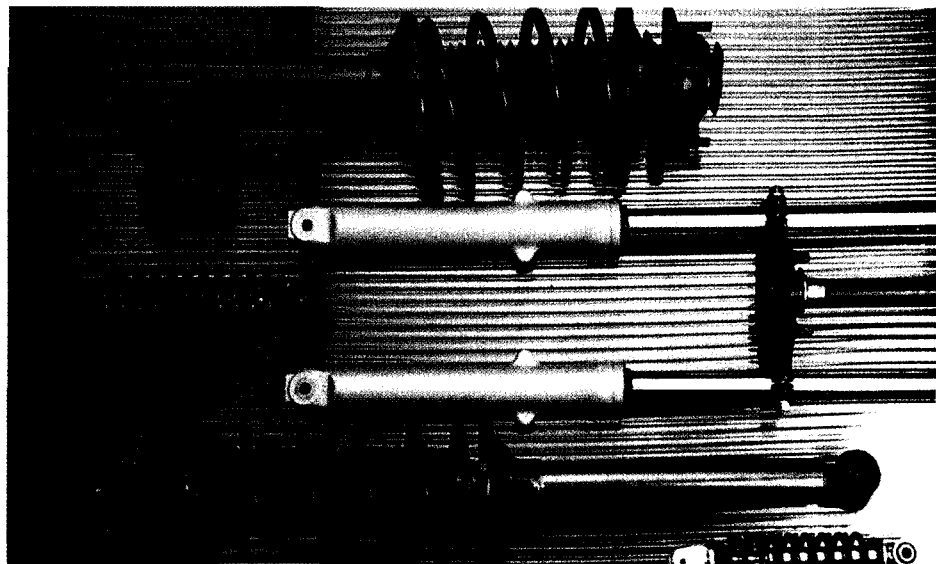
52-55, S.No. 102/3 -106 (PT)  
Sipcot, Phase - II  
Moranapalli Village  
Hosur 635 109 (Tamil Nadu)

B-193, Phase -II  
Dist. Gautam Budh Nagar  
Noida 201 305 (Uttar Pradesh)

# Financial Highlights

	2006-07	2005-06
Domestic Sales (Rs Million)	5941.8	5461.2
Export Sales (Rs Million)	69.4	156.2
Total Sales (Rs Million)	6011.2	5617.4
Profit Before Tax (Rs Million)	981.5	152.9
PBT as a % to Sales	16.3	2.7
Profit After Tax (Rs Million)	731.1	88.4
PAT as a % to Sales	12.2	1.6
Return on Net Worth (%)	55.9	8.9
Net Worth per Share (Rs)	18.2	13.9
Earning per Share (Rs) - Basic & Diluted	10.2	1.2
Dividend per Shares (Rs)	0.7	0.7
Dividend Cover (Times)	4.8	2.7
Return on Total Assets (%)	24.4	2.8

# Company Highlights



- TS 16949: 2002 certification for Gurgaon facility
- Gurgaon facility commences Strut supplies to Maruti's new Sedan model SX4 under Technical Assistance of KYB Corporation, Japan
- Gurgaon Plant bags order for YC5 business for supply of Shock Absorbers and Struts for the new Suzuki export model with Technical Assistance from KYB Corporation, Japan
- Chakan Plant receives order for Tata Motors X3, Renault Logan – domestic and global requirements, Tata Motors Panel Van and Tata Motors New Safari (X2)
- Capacity expansion at Chakan Plant to meet increasing demand from Passenger vehicle segment
- Hosur Plant receives order from TVSM for the Indonesia project
- Hosur Plant receives order from Suzuki for Scooters & Motorcycles
- Order also received from Yamaha for its advanced mobikes
- Strategic Sourcing - Component procurement from China for 2-wheeler segment
- Parwanoo Plant for Shock absorbers ready for Commercial production



## Company Profile

'Gabriel' – a name synonymous with Ride Control Products is the leading manufacturer of Shock Absorbers, Struts and Front Forks. The world-class quality of Gabriel's Ride Control products has helped establish a strong presence both in domestic OE as well as overseas markets.

Beginning with a single plant in Mulund, Mumbai, set-up in 1961, the Company has seen phenomenal growth and now boasts of seven manufacturing facilities for Ride Control Products. The Mulund property of Gabriel India was recently sold.

Nashik, Chakan, Dewas, Noida, Hosur and Parwanoo are all QS 9000 certified; Hosur, Dewas and Chakan plants have ISO 14001 and OHSAS 18001; Mulund ISO 9000; Hosur, Dewas, Noida, Nashik, Gurgaon and Chakan facilities have TS 16949: 2002 Certification.

Today, Gabriel India is uniquely positioned to meet the growing demand for high performance products because of its timely investments in capacity expansion and upgradation of assets and technology, coupled with over four decades of experience.

## Ride Control Products

The Ride Control facilities of Gabriel India are located in Dewas, Gurgaon, Hosur, Nashik, Noida, Chakan near Pune and Parwanoo, an upcoming

Plant. With a combined manufacturing capacity of well over 15 million Shock Absorbers, Struts and Front Forks, these plants cater to the requirements of all markets - OE, Replacement and Exports - for application in four, three and two-wheelers, as well as the Indian Railways. To enable JIT supplies to its OE customers, Gabriel has strategically located most of its facilities close to its customers.



The Dewas facility set-up in 1992, recorded its highest production level of 1.99 million Shock Absorbers this year. The plant manufactures hydraulic, gas-pressurised and spring seat Shock



BOTTOM LEFT: L-R: Mr Sandeep Padmam, Executive-QA and Mr Vikas Lakhnpati, Sr. Executive-Procurement, Honda Motorcycles and Scooters India on a visit to Gabriel-Noida



BOTTOM RIGHT: Limb Assembly cell at Gabriel-Noida being inaugurated by Mr A Dhawan, GM-QA, Yamaha Motors India

TOP: Mr Ryuichi Okashito, Manager-Engineering Dept., Toyota Technical Centre, Asia Pacific, Toyota Motor Company and the delegation from KYB Corp., Japan with Gabriel India team, on their visit to Gabriel-Chakan  
CENTRE: Mr Horonori Iguchi, Director (Board Member), and Mr Izumi Shibuya, Dy. GM-QC, Suzuki Motorcycle India on a visit to the Hosur plant



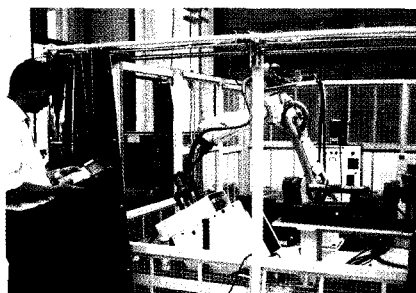
Absorbers as well as Cartridges for passenger cars and commercial vehicles. The plant is a single source supplier to Tata Motors, Lucknow and the newly launched Tata Ace vehicle. Gabriel has 80% share of the Shock Absorber business with Ashok Leyland supplied by Dewas plant. The plant is also a major supplier to other OEM customers like Eicher Motors, Swaraj Mazda, Hindustan Motors, Force Motors and Mahindra & Mahindra. The plant has also initiated Maynard Operations Sequence Technique (MOST) and Anand Production System

(APS) initiatives for better performance of Quality, Cost & Delivery.

Gabriel India's first Strut plant was set up in Gurgaon primarily to cater to the requirement of Maruti. Today, this facility is also manufacturing Struts with technological assistance from KYB Corp., Japan, giving Gabriel India an edge over other manufacturers in offering a wider range of products for new passenger car models. The facility commenced Strut supplies to Maruti for SX4 and has recently bagged an order for supply of Shock Absorbers and

Struts for the new Suzuki YC5 model targeted at Global markets.

After a fresh round of capacity expansion for Front Forks for two-wheelers, the Hosur facility of Gabriel can now produce 0.6 Million Front Forks and 2.34 millions Shock Absorbers per annum. Its major customer for JIT supplies are TVS Motor Company at Hosur and Mysore, Honda Motorcycle and Scooters India at Manesar, Gurgaon and Royal Enfield at Chennai. Owing to the commitment to its customers, the facility has initiated APS and MOST for continuous improvement on productivity, quality, cost and delivery. Exports to its technical collaborators – SOQI Hydraulic Systems Inc., Japan continued, during the year.



TOP : Team from Yamaha Motors and KYB Corp., Japan on a visit to Gabriel-Hosur with the Gabriel India team

CENTRE: New Grinding Line installed at Gabriel-Chakan during the year

BOTTOM: Fanuc Robo Weld installed at Gabriel-Chakan performs robotic welding operations





orders from Kinetic Motors for the supply of Front Forks and Shock Absorbers for its M-92, CK-100 and Blaze models.

The Noida facility manufactures Shock Absorbers and Front Forks, catering to the requirement of Yamaha Motorcycles and a wide range of products for the Aftermarket.

The Chakan facility, located near Pune, manufactures Shock Absorbers and Struts for new generation cars with Technical Assistance from KYB Corp, Japan, KYBSE, Spain, a wholly owned subsidiary of KYB Corporation, Japan and Arvin Ride Control Products, USA. The plant maintains its position as a single source supplier for Ford-Ikon, and Fiesta, Hyundai-Santro, Toyota-Innova, Maruti-Alto, Tata Motors-Indica, General Motors-Tavera and has started supplies to Mahindra Renault-Logan, Tata Motors-Indigo, General Motors

Aveo-UVA and Piaggio. The Company is also pursuing supply of Shock Absorbers for the new generation battery operated two-wheeler models, namely, E-Coupe, Yo-Bike and Matrix.

Owing to the increase in demand of the passenger vehicle segment, the Plant has undergone capacity expansion including a new Grindline imported from France. The Shock Absorber manufacturing line for Railways at

The plant has also received orders from Suzuki for Motorcycle and Scooters and also from Yamaha for its new advanced mobikes proposed to be launched in 2008.

The Nashik plant, has achieved a turnover of Rs 1 billion this year. Technical assistance from SOQI Hydraulic Systems Inc., Japan has helped to increase capacity for manufacturing of telescopic Front Forks to about 50,000 per month and of Shock Absorber to about 200,000 per month. Gabriel-Nashik team has also developed and installed high productivity Front Fork outer tube cell (termed Muda Reduction Cell) independently. The plant has bagged



TOP: Mr Malcolm Madeley, purchasing Manager, Sears Manufacturing Co. (Europe) (2<sup>nd</sup> from left), Mr SR Srinath, ArvinMeritor India (behind Mr Madeley) examining the processes and the products at the Gabriel-Dewas facility

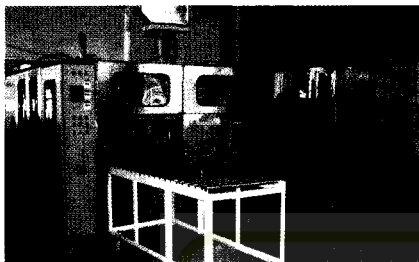
CENTRE: Dr. D Sabita, MD, Tamil Nadu Industrial Corporation of India Limited, Chennai (left) taking a round of the Hosur facility with Col Satya Bhargava, GM-HR, Anand Automotive and Mr P Arul Kumar, GM, Gabriel India



Mulund has been shifted to Chakan and supplies have already started.

The new plant facility at Parwanoo is ready and commercial production is expected to start soon. The plant has already bagged orders from major customers like TVSM, Tata Motors for Ace, X3 and M&M. The plant will also be catering to the Aftermarket requirements.

BOTTOM LEFT: Mr P Arul Kumar, GM, Gabriel India welcoming Mr Kiyonori Yamauchi, Sr. GM-Purchase Planning and Mr Maruyama, Yamaha Motor Asian Centre Co. Ltd., Bangkok on a visit to the Hosur plant to study its capability for supply of parts to Asian countries



## Research and Development

India has been a focus for many global OEMs for new vehicle platform developments, demanding world-class component quality and performance at competitive prices. With the support and Technical Assistance from KYB Corporation, Japan and SOQI Hydraulic Systems Co., Japan (subsidiary of Yamaha, Japan) the Company has developed new products for OEMs like Toyota, Maruti Suzuki, Mahindra Renault and TVS. New

products introduced will contribute significantly towards growth of the Company.

Research and Development has always been the cornerstone of Gabriel. The Company strives towards development of next-generation technologies and strengthen its portfolio through its R&D efforts.

Value added services like CAE and ride tuning have become a norm. In its efforts to meet these customer requirements and expectations, investments have been made in enhancing R&D capability and capacity in terms of testing and validation facilities, hardware and software required for designing and also manpower.

New high-speed servo hydraulic test equipment has been installed at the Product Validation Centre in Nashik. A

new mobile ride van is being constructed to provide on site ride tuning service to OEMs and is slated to be operational in 2007.

## World-Class Organisation

In its endeavour to enhance customer satisfaction and provide value, the Technical Services Group continuously develops breakthrough solutions in process engineering, thus providing improved product life.



TOP: Mr Jose Maria Alapont, Chairman, Federal-Mogul Corp., USA being welcomed at the Engine Bearings plant, Khandsa

CENTRE: Inner Tube and Outer Tube Cleaning machine installed at the new plant facility at Parwanoo

BOTTOM : Team from KYB Corporation, Japan on a round of the Noida plant

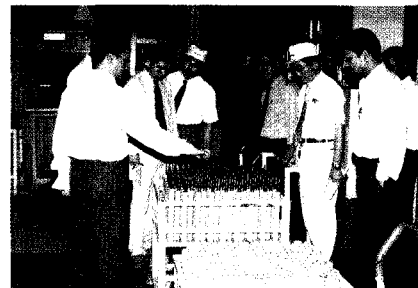




## Engine Bearings

The Company's Engine Bearings facility was set-up in 1978 at Parwanoo (Himachal Pradesh) in collaboration with Federal-Mogul Corporation, USA, world leader in thin-walled, bimetal Engine Bearings. The plant manufactures a complete range of Bimetal Bearings, Bushes, Flanges and Thrust Washers, including manufacture of metal powder and bimetal strips. The Company is a leading supplier of engine bearings to domestic OEMs and the replacement market in the automotive industry as well as other segments such as Railways, Marine and Power generation with a significant presence in the overseas markets.

Assessing the growing demand from passenger car industry for Aluminium Tin Bearings, the Company decided to set up another facility in Khandsa



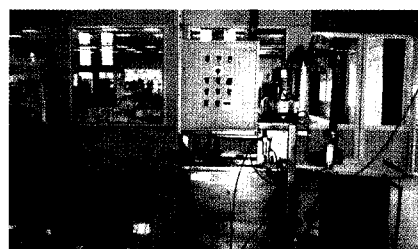
(Haryana) in 2003, to cater to the needs of customers in the OE and Aftermarket segments. The Large-size Bearing and Bush manufacturing equipment were relocated from Parwanoo to the Khandsa facility, commencing production in 2003.

During the year, an EOU was also set-up in Parwanoo to manufacture solid Flange Bearings, providing an impetus to the overall growth of the Company.

Equipped with the latest sophisticated machinery, the facilities have a combined annual manufacturing

Gabriel India focuses on its state-of-the-art manufacturing technology to retain its leadership position in Ride Control products. The experienced team of specialised engineers work continuously to develop indigenous solutions to provide world-class products at low cost.

During the year, the Company made several process innovations, which led to improvement in product performance.



TOP : Mr Yoshio Mabuchi, President, SOQI Hydraulics Company Ltd., Japan on a round of the Hosur plant  
CENTRE: Team from KYB Corp., Japan on a round of the Gabriel-Chakan Plant

BOTTOM LEFT: Mr H Tatsumi, President, Yamaha Motors India being welcomed at Gabriel-Hosur  
BOTTM RIGHT: Piston Rod cleaning machine installed at the new facility at Parwanoo



capacity of around 22.4 million pieces, which are vertically integrated from raw material to finished products.

Engine Bearings plants at Parwanoo and Khandsa received TS:16949:2002 certification during the year.

The Company, during the year, decided to demerge its Engine Bearings Division from its mainline of Ride Control Products. Federal-Mogul Corporation, USA, which was the original collaborator for Engine Bearings and currently holds 5.146% of the equity in Gabriel India, will take up a majority position of 63.8% in the Demerged Engine Bearings entity.

The Demerger scheme with appointed date of April 1, 2006 was approved by Hon'ble High Court of Bombay on March 16, 2007 and demerger scheme has become effective after obtaining all the regulatory approvals on April 16, 2007.

The demerged Engine Bearings Company will be a delisted Public Limited Company in which Federal-Mogul will acquire 63.8% equityholding through additional capitalisation and this is expected to be completed by September 30, 2007.

## Collaborators

Gabriel India has financial cum technical collaboration for Ride Control Products with ArvinMeritor Inc., USA - a premier global supplier of a broad range of integrated systems, modules and components to the motor vehicle industry. For Engine Bearings,

Gabriel India has a joint venture with Federal-Mogul Corporation, USA, with whom it has been associated since 1978.

Other collaborators of the Company are KYB Corporation, Japan, KYBSE, Spain and SOQI, Hydraulic Systems, Japan. The Collaborators extend continuous support to the Company. This includes technical know-how and training in latest manufacturing processes. Senior technical executives of the collaborators visit the Company's plants regularly and engineers from the Company visit the collaborators facilities to enhance their knowledge on manufacturing practices.



TOP: Mr Rainer Jueckstock, Sr. VP, Federal-Mogul Corp., USA being welcomed at the Engine Bearings facility, Khandsa

BOTTOM LEFT: Inauguration of the Chakan Hub Training School for Apprentices by Mr CS Patel, CEO, Anand Automotive



BOTTOM RIGHT: Mr Amitav Chatterjee, GM-Lubes, Indian Oil Corp. and Mr PN Bhargava, VP-Marketing, Gabriel India exchanging the copies of the signed agreement between Indian Oil and Gabriel to sell Gabriel Servo Front Fork oil through the retail network of Gabriel and Indian Oil. Also seen are Mr GC Daga, Director-Marketing, Indian Oil, Mr Arvind Wallia, Chief Operating Officer, Gabriel India