

Gabriel India Limited

A n n u a l R e p o r t 2 0 0 0



Gabriel India Limited

Board of Directors

Deep C Anand
Chairman & Managing Director

H R Prasad
Joint Managing Director

V W Hunt
S W Stanfield
B L Ruddy
Russi Jal Taraporevala
B K Khare
M K Kukreja
K N Subramaniam
T B Subramaniam (Nominee of UTI)

Company Secretary

Rajesh Bagga

Bankers

ANZ Grindlays Bank
Bank of India
ICICI Bank
Punjab National Bank

Auditors

Price Waterhouse & Co.

Solicitors

Udwadia, Udeshi & Berjis

Report  junction.com

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 (West)
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)

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

Engine Bearings

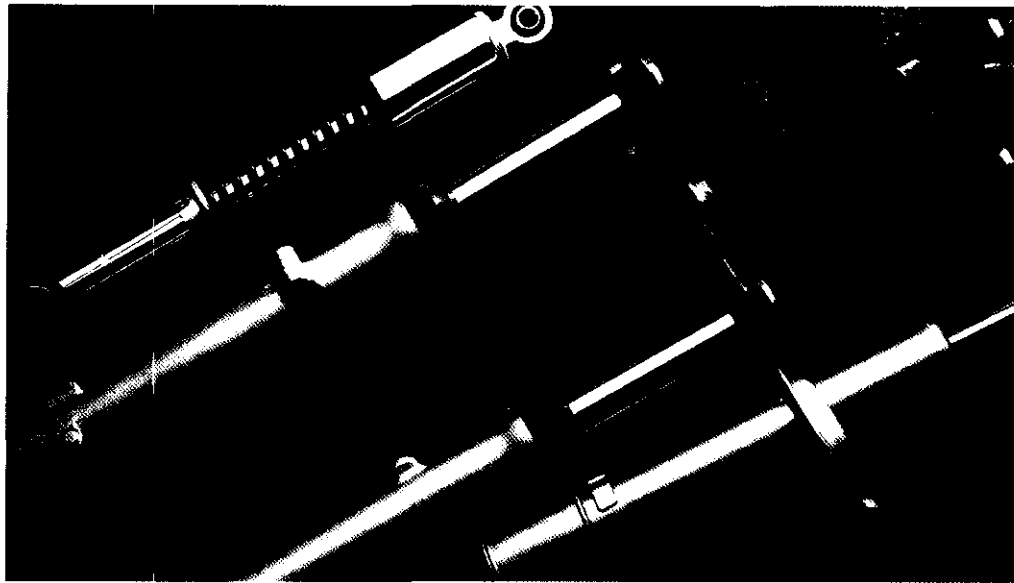
Plot No. 5, Sector II
Parwanoo 173 220
(Himachal Pradesh)

ANAND 

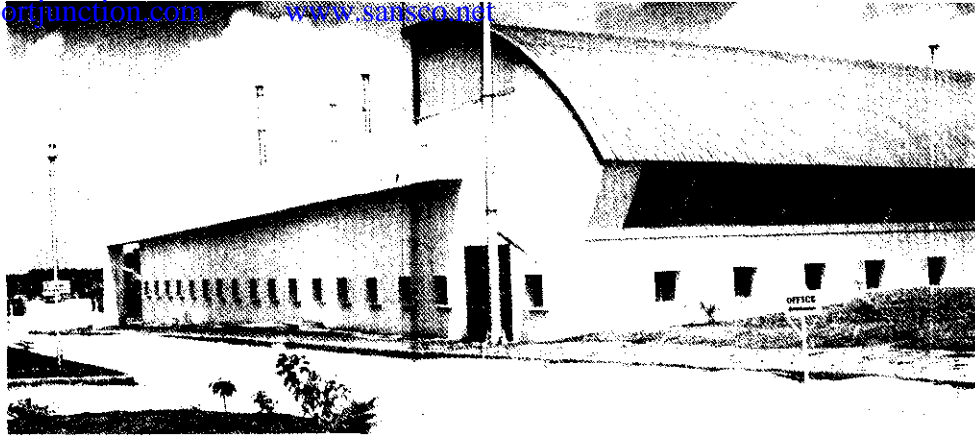
Financial Highlights

	1999-00	1998-99
Domestic Sales (Rs. Lacs)	23286	18799
Export Sales (Rs. Lacs)	1142	1963
Total Sales (Rs. Lacs)	24428	20762
Profit/(Loss) Before Tax (Rs. Lacs)	306	(188)
PBT/(Loss) as a % to Sales	1.25	(0.90)
Profit/(Loss) After Tax (Rs. Lacs)	267	(190)
PAT/(Loss) as a % to Sales	1.09	(0.91)
Return on Net Worth (%)	3.06	(2.20)
Net Worth per Share (Rs.)	122.47	120.60
Earning per Share (Rs.)	3.74	(2.65)
Dividend per Share (Rs.)	2.00	1.00
Dividend Cover (Times)	1.87	(2.66)
Return on Total Assets (%)	0.97	(0.68)

Corporate Highlights



- Renewed Technical Collaboration Agreement with SOQI for 2-wheeler Shox & motor cycle Front Forks
- Supplies from Chakan Plant to new generation car manufacturers – Hyundai Santro, Telco Indica, Ford Escort & Ikon, Toyota Qualis, Fiat Uno
- Inner Tube / Front Fork project at Hosur completed and plant geared to meet increased demand of customers
- Commenced OE supplies from Hosur plant for Royal Enfield motor cycles
- 2-wheeler gas-charged Shock Absorbers introduced by Hosur plant for Aftermarket
- Commissioned a 16 mm Mono Tube Line at Hosur plant
- Commenced supplies of Ciriani Front Forks for 4-stroke motor cycles from Hosur facility
- Kayaba Strut project at an advanced stage of completion with commercial supplies to commence from October 2000
- Warranty levels in Gurgaon Strut Plant at all time low, 0.39%
- Achieved debt reduction by Rs 13.5 crores through internal accruals and efficient utilization of Working Capital
- Received Export House Status from Government of India for Ride Control Division



Corporate Profile

Established in 1961, Gabriel India Limited is a leading manufacturer with the widest range of Ride Control Products in India. Synonymous with Shock Absorbers, Gabriel brand is an acknowledged market leader. Comprising two divisions, Ride Control and Engine Bearings, the Company operates from seven locations across the country : six in the Ride Control Division at Mumbai, Dewas, Gurgaon, Hosur, Nashik, Pune and one at Parwanoo, Himachal Pradesh, manufacturing Engine Bearings.

From one plant, one product unit, Gabriel India is today a multi-faceted Company manufacturing Shock Absorbers, McPherson Struts, Front Forks and Engine Bearings. Owing to its superior quality and comprehensive product range, the Company is the principal supplier to both the OE and Aftermarket segments with a sizeable presence in the overseas markets as well.

With the increase in production of new generation vehicles in India, Gabriel India has invested in capacity expansion and asset upgradation. The Company has received the coveted QS 9000 certification for its Nashik plant. It also has ISO 9002 certification for other plants with the Ride Control Products Division being the first in India, in its product category, to receive this certification as far back as 1993.

TOP: Gabriel India's Ride Control facility at Hosur

SHOCK ABSORBERS STRUTS AND FRONT FORKS

The Division's six plants have a combined manufacturing capacity of 10 million shock absorbers, struts and front forks, catering to the requirements of all segments - OE Manufacturers, Replacement Market and Exports for application in 4, 3 and 2-wheeler vehicles as well as for the Indian Railways.

To ensure JIT supplies, the Division's state-of-the-art facilities are strategically located in close proximity to those of its OE customers. Gabriel India's first Strut plant was set up in Gurgaon primarily to cater to the requirement of Maruti Suzuki. Today this facility is in an advanced stage of implementing a new project, based on technology from Kayaba - Japan, for the manufacture of international quality McPherson Struts which will enable Gabriel India to offer a wider range of products for new passenger car models to be introduced by Maruti Suzuki. A major achievement of the plant during the year was an all time low warranty level, far below than demanded by the customer.



The Dewas facility of Gabriel India manufactures Hydraulic and Gas-pressurised shock absorbers as well as cartridges for passenger cars and commercial vehicles. It meets the complete requirement of OEMs such as Hindustan Motors, Bajaj Tempo, Eicher Motors and Swaraj Mazda. In addition, the plant is a major supplier of Telco, to whom it also supplies rear shock absorbers for their Indica model.

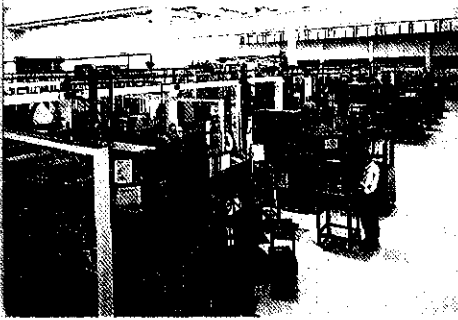
The QS 9000 certified Nashik facility manufactures shock absorbers for two and three-wheeler OE Manufacturers. Telescopic Front Forks for motorcycles are also manufactured with technology from SOQI / Yamaha Motor Company, Japan. The plant supplies Front Forks to Bajaj Auto for their 4S, Boxer and Caliber models. Other OE customers are - TVS Suzuki, Kinetic Engineering Co. Ltd. and Kinetic Motor Co. Ltd. for two wheelers, and Piaggio Greaves Vehicles Ltd, Baramati for three wheelers. During the year, the plant developed 24 applications of shock absorbers for various customers including Export. Supplies for 16 applications have already commenced.



The Front Fork division at Nashik developed two new applications, one for Kinetic Engineering Ltd for their Kinetic V-50 model and the other for LML Ltd for their Altino model. Both the products have received approval from the customers with supplies to commence shortly. The division is also in the process of developing front forks for several other applications.

TOP: Manufacturing cell at Dewas plant

BOTTOM: Visit of R&D team from Honda Motorcycle & Scooter India (Pvt) Ltd to the Nashik facility

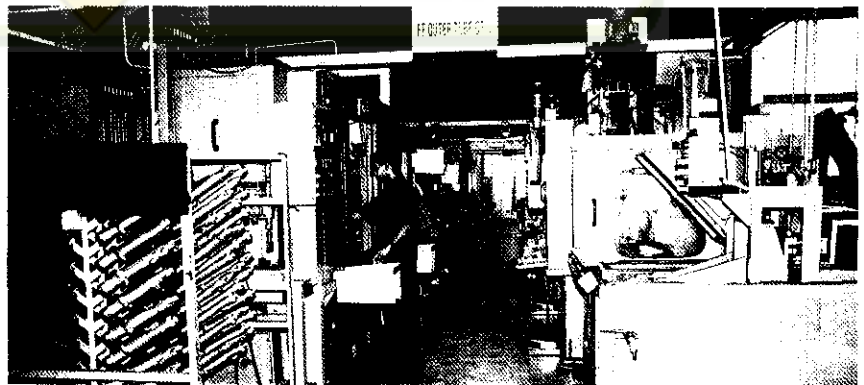


Gabriel's Chakan Plant near Pune, has the most advanced technology for manufacture of shock absorbers and struts for the new generation cars. With technology from Kayaba-Japan, APA-Kayaba, Spain and Arvin Suspension System Italia of Italy, the plant supplies to Toyota – Qualis, Ford – Ikon & Escort, Fiat – Uno, Hyundai – Santro and Tata – Indica. It has received LOI for supplies to Mitsubishi – Lancer and Fiat – Siena, parts for which are under development.

The Company's facility at Hosur, in Tamil Nadu, was set up to meet the shock absorber and front fork requirement of two-wheeler manufacturers, especially those based in South India. Today the plant has reached a production level of 8.25 lac shock absorbers and is a major supplier of shock absorbers and front forks to TVS-Suzuki on JIT basis for both their plants at Hosur and Mysore. The facility also started OE supplies for motorcycles.

The Hosur plant is also equipped with a state-of-the-art Inner Tube facility, having an installed capacity of 2.75 lac nos, which can be enhanced to 5.5 lac numbers with a marginal investment, to cater to TVS requirement. The plant has commenced supplies of Ciriani front forks for 4-Stroke motor cycles and has added sufficient capacity to meet the increasing demand.

A 16 mm Mono Tube Line with a capacity of 6 lac shox, has also been commissioned at Hosur to cater primarily to the export requirement. Two-wheeler Gas-charged shock absorbers have also been introduced.



TOP: Shock absorber & Strut plant at Chakan for supplies to OEMs of new generation cars
BOTTOM: Front Fork Cell at Hosur plant



Stallion Shox Limited

Stallion Shox, located at Surajpur in Uttar Pradesh, has a manufacturing capacity of 1.5 million shock absorbers and is equipped with modern machines, imported from USA and Canada. ISO 9002 certified, the plant also has in-house hard chrome plating facilities. Over 3 lac shock absorbers were manufactured during the year with plans to take the production up to 6 lac units in the next year.

After the acquisition of Stallion Shox by Gabriel India, commercial production restarted in August 1997. Owing to the Company's emphasis on quality and customer service, 'Stallion' shock absorbers have gained recognition in both the OE and Aftermarket segments. The Company is an OE supplier to LML and is pursuing opportunities to supply to other two and four wheeler OEMs in the northern region.

World-Class Expertise

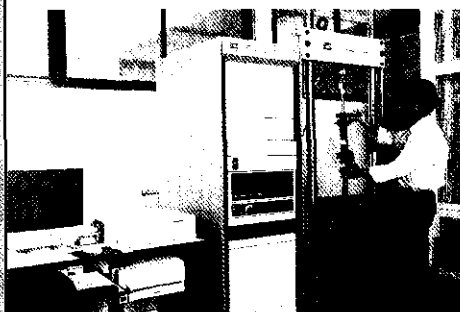
Gabriel India has technical and financial collaboration with Gabriel Ride Control Products, USA a part of Arvin Industries Inc. which is in the process of a merger with Meritor to form a new Company, Arvin-Meritor Inc. This strategic partnership between two global automotive giants will provide the new company with an enhanced worldwide presence. Gabriel India is proud to be associated with Arvin-Meritor Inc., a collaboration which should further strengthen the existing support it has been receiving in the past from its collaborator in areas like product design, manufacturing technology as well as in the design and execution of its plants.

Other collaborators of Gabriel India are SOQI of Yamaha Motor Company and Kayaba of Japan, APA-Kayaba, Spain and Arvin Suspension System Italia of Italy.

TOP: Shock Absorber facility at Stallion Shox, Surajpur

R&D/ Technical Services

To meet the rising demands from consumers for better products at lower cost, manufacturers of cars and two-three wheelers are focusing on customer satisfaction by offering better ride comfort, passenger safety and longer durability. Consequently, OEMs are demanding global quality standards from their suppliers. In view of the changing market requirements, Gabriel India has made Technology a thrust area and has invested in R&D and technical expertise. The Company's state-of-the-art R&D centre at Chakan near Pune with ultra-modern facilities, caters to the technology requirements of its plants.



This facility is equipped with servo hydraulic testing machines for performance and durability testing, noise measurement equipment, hoist for Ride Trials for validation of new products, evaluating quality improvements and auditing performance of supplies.

Gabriel India also has facilities for product design, testing and validation at its locations in Mumbai, Nashik and Gurgaon. The company's newly set up facility at Hosur provides R&D for the manufacture of shock absorbers and front forks for the new generation two/three wheeler manufacturers.

The company's focus on R&D along with the initiatives taken – towards achieving operational excellence, world-class manufacturing and quality, customer service, continuous improvement and cost reduction – have paid rich dividends. Besides its existing customers, the Company is also supplying shock absorbers and struts to all major OEMs of new generation vehicles as well as for the overseas markets.

Engine Bearing Division

The Engine Bearing Division was established in 1978 at Parwanoo (Himachal Pradesh) in collaboration with Federal-Mogul Corporation, USA, world leaders in thin-walled, bimetal Engine Bearings. The Division has a fully integrated facility for the manufacture of a complete range of Bimetal Bearings, Bushes, Flanges and Thrust Washers.

The Division has an annual manufacturing capacity of 20 million pieces and is equipped with an in-house chemical and metallurgical laboratory and a non-ferrous powder foundry, sinter lines, semi-automatic presses, high speed broaching machines and an automatic electroplating facility. Additionally, sophisticated testing facilities such as Tallyrond, Surface Analyzer and other metallurgical equipment help maintain high quality of the products.



The Plant is equipped with a state-of-the-art 'Autoline', imported from Federal Mogul, USA. This is a fully automatic line with logic control system to cater to the passenger car and commercial vehicle segments. The Division also has an in-house semi-automatic line for manufacture of copper-lead and aluminium tin bearings as well as a medium size bearings line for Cummins.

TOP: R&D Centre at the Chakan facility, near Pune

BOTTOM: A view of the Auto Line in the Engine Bearing facility at Parwanoo



A complete range of Large Size Bearings with German technology is also manufactured in this state-of-the-art facility, catering to the requirement of Railways, Marine, Power Generation and Industrial segments.

Marketing Strategy

Quality and Customer Satisfaction are the foundation of Gabriel India's marketing strategy. With a quick response to customer demands for new products and an extensive product range, the Company has emerged as a market leader for Ride Control Products and a key player for Engine Bearings in all segments.

Gabriel's large dealer network ensures effective market penetration. A team of trained sales personnel, supported by technically qualified managers, helps the Company to closely interact with dealers, mechanics, reborers and other decision-makers. To reinforce its strong brand image, the Company organises regular dealer and mechanic meets as well as promotional activities for different segments of the consumers. During the year, Gabriel India conducted aggressive marketing campaigns in rural areas for engine bearings and shock absorber check-up campaigns aimed at vehicle owners.

In addition, the company's emphasis on Market Research has helped in assessing the market potential, opportunities and customer preferences to stay abreast of competition.

Export Strategy

The Exports of Ride Control Products were affected owing to the slow revival of the Asean economy and also because the Company's largest OEM customer in China started procuring its requirement locally. However, the Company was quick to tap other world markets and has made considerable progress in developing new OEM customers for shock absorbers. Gabriel India is confident that this new thrust in its export strategy, with focus on large volumes, will yield positive results in the years to come.

Gabriel's Engine Bearing Division consolidated its position with its existing overseas customers and is now exploring the markets in Africa and Middle East both for Bearings and Strips. Its large size bearings have also found niche markets abroad. Additionally, the Division is in dialogue for networking with large multinational corporations for worldwide distribution of its products.

TOP: Co-sponsored by Gabriel India, Narayan Kartikeyan-the fastest Indian in the world for motor racing-endorsing Gabriel shock absorber in the Company's stall at Auto Expo 2000, Delhi

BOTTOM: Mr G Jayatilaka, MD - KAG Associates Ltd (centre left) of Sri Lanka, a customer of Gabriel India's Ride Control products, on a visit to the Nashik plant

