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Gabriel India Limited

annual report 2004



GABRIEL

COMPANY PROFILE & FINANCIALS

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Gabriel India Limited

Board of Directors

Deep C Anand
Chairman

K N Subramaniam
Managing Director

B L Ruddy
Russi Jal Taraporevala
B K Khare
C S Patel
H R Prasad
Jaithirth Rao
Ravi K Sinha
M S Sandhu

Financial Controller & Company Secretary
S Sarathi

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

Auditors
Price Waterhouse & Co.

Solicitors
Udwadia & Udeshi

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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: (020) 4101931-4
Fax: (020) 4101935

Manufacturing Facilities

Ride Control Products

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

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)

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)

Engine Bearings

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

38th Milestone, NH 8
Delhi-Jaipur Highway
Behrampur Road, Khandsa
Gurgaon-122 001
(Haryana)

ANAND automotive systems

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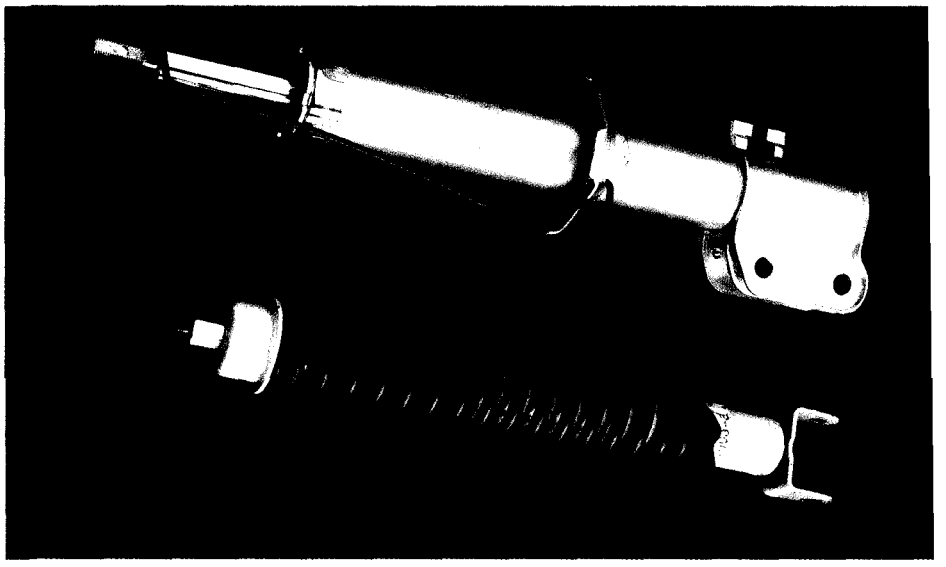
Financial Highlights

	2003-04	2002-03
Domestic Sales (Rs. Million)	4076.83	3632.27
Export Sales (Rs. Million)	133.17	121.26
Total Sales (Rs. Million)	4210.00	3753.53
Profit Before Tax (Rs. Million)	262.37	203.35
PBT as a % to Sales	6.23	5.42
Profit After Tax (Rs. Million)	166.83	117.26
PAT as a % to Sales	3.96	3.12
Return on Net Worth (%)	19.82	16.22
Net Worth per Share (Rs.)	117.22	101.34
Earning per Share (Rs.) - Basic	23.23	16.44
Earning per Share (Rs.) - Diluted	23.23	16.31
Dividend per Share (Rs.)	6.00	5.00
Dividend Cover (Times)	5.40	5.06
Return on Total Assets (%)	6.19	4.38

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Company Highlights



TS 16949 : 2002 edition for Hosur and Chakan facilities

Appreciation Award for Chakan facility from Toyota Kirloskar Motors Ltd. for environment-friendly standards

Ford 'Q1' Award for Chakan facility

100 PPM certification for Chakan facility from Hyundai Motors India

Chakan plant received new orders for GM-Chevrolet Tavera, Toyota Kirloskar's new project and Maruti-Alto & Wagon R models, for which supplies will commence in 2004-05

Commenced supplies of shock absorbers and front forks from Hosur for TVS new motorcycle, Centra

Chakan plant started supply of rear shock absorbers for Maruti 800 and Zen

Noida plant received order for Omni shock absorbers, supplies of which will commence in 2004-05

Production of bearings and bushes started at new facility at Khandsa

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Company Profile

Gabriel India Limited is a leading manufacturer and supplier of Shock Absorbers, Struts, Front Forks and Engine Bearings. The Company has the widest range of Ride Control products in India with its brand - Gabriel - being the market leader and synonymous with shock absorbers.

A principal supplier to both the OE and the Aftermarket segments with presence in several overseas markets, Gabriel India commenced operations in 1961 with one plant in Mulund, Mumbai. Today, the Company has nine manufacturing locations across the country - seven for Ride Control Products and two for Engine Bearings. Each facility has received at least one certification if not more: 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 9002; Hosur and Chakan facilities have TS 16949 : 2002 edition. Gabriel was the first company in India to receive the ISO 9002 certification, in its product category, as far back as 1993.

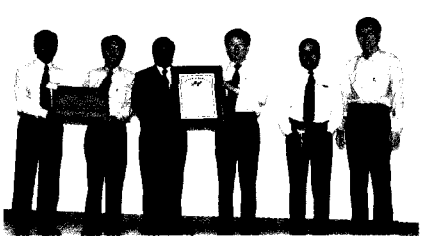
Timely investments in capacity expansion and upgradation of assets and technology, coupled with over four decades of experience, have provided Gabriel India a competitive edge in meeting the growing demand of its customers for high performance products.

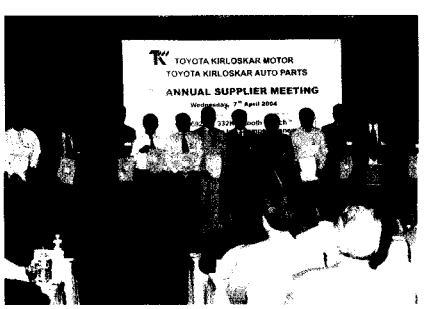
Ride Control Products

The seven Ride Control facilities of Gabriel India in Mulund, Chakan, Dewas, Nashik, Hosur, Gurgaon and Noida have a combined manufacturing capacity of over 10 million Shock Absorbers, Struts and Front Forks to



cater to the requirements of all segments of the market - OE, Replacement and Exports - for application in four, three and two-wheelers as well as the Indian Railways. To ensure JIT supplies, all





TOP: Annual General Meeting at Chakan

CENTRE: Gabriel-Chakan gets the Ford Q1 Certification: Mr KN Subramaniam, MD-Gabriel India (centre) seen with Mr Arvind Mathew, VP & ED (left) and Mr David E Friedman, MD & President, Ford India

BOTTOM LEFT: Chakan facility receives 100 PPM certification from Hyundai Motor India (HMI) : L-R Mr SS Thakar, Plant Head, Gabriel-Chakan, Mr JB Lee, Executive Director-Procurement & Supply, HMI, Mr KN Subramaniam, Mr JI Kim, MD-HMI, Mr SG Nanal, DGM, Gabriel-Chakan and Mr HS Song, Executive Director-Production, HMI

BOTTOM RIGHT: Chakan plant receives appreciation award from Toyota Kirloskar Motor for maintaining environment friendly standards. Seen with the award is Plant Head (4th from left)

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facilities of Gabriel India are located in close proximity to those of its OE customers.

Gabriel India's Mulund facility manufactures Shock Absorbers for two/three wheelers, cars, LCVs, HCVs, buses and railways. The plant is a major supplier to OEMs like M&M, Bajaj Auto, Ashok Leyland and Sutlej for buses besides the Indian Railways for their new generation LHB coaches.

The Dewas facility manufactures Hydraulic, Gas-pressurised and Spring Seat Shock Absorbers as well as Cartridges for passenger cars and commercial vehicles. A single source supplier to OEMs of commercial vehicles such as Hindustan Motors, Bajaj Tempo, Eicher Motors and Swaraj Mazda, the plant is also the preferred supplier for Tata Motors, Ashok Leyland and Vehicle Factory, Jabalpur. With a good customer base in the domestic market, the plant is now focusing on exports. During the year, the plant was recommended for TS 16949 : 2002 edition. While investments were made in equipment to improve product quality, a modern effluent treatment plant was installed in the Dewas facility to ensure a pollution-free environment.



The Company's first Strut plant was set up in Gurgaon primarily to cater to the requirement of Maruti. In the last three years, this facility has been manufacturing Struts with technology assistance from Kayaba, Japan and has established itself as a top quality producer with Maruti. Besides several initiatives taken towards customer satisfaction, the plant is now in the process of implementing TQM activities to gear itself for further growth.

Gabriel's Hosur facility produces 0.5 million front forks and 1.8 million shock absorbers per annum for motorcycle and scooter

TOP: Mr K N Subramaniam, MD-Gabriel India, receiving the TS 16949 certificate for Gabriel-Hosur from Mr S Bhargava and Mr Bhaskar of TUV Rheinland

CENTRE: Visit of Mr S Yamaguchi, TPM Consultant from JIPM (3rd from right) to Gabriel-Dewas

BOTTOM: Mr Pachone Desapradipa, Regional Manager SE Asia-ArvinMeritor, lighting the traditional lamp during his visit to the Dewas plant

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manufacturers. It is a major supplier - on JIT basis - to both plants of TVS Motor Co. at Mysore and Hosur as well as to Royal Enfield at Chennai and Honda Motorcycle and Scooter India at Gurgaon. While Exports to SOQI Inc., Japan, grew during the year, the Company also received orders for new models for SOQI and Yamaha. In addition, Hosur developed and commenced supplies of shock absorbers and front forks for TVS new motorcycle - Centra. The plant also worked closely with Honda Motorcycle and Scooter to significantly enhance its share of business. Other highlights during the year were - TS 16949 certification : 2002 edition, the 'Golden Peacock Eco Innovation Award' and 'Golden Peacock Innovative Product/Service Award' for 2002-03.

Yet another plant of Gabriel is in Nashik. A major supplier to both the OE and Aftermarket customers, this facility manufactures Shock Absorbers for two and three wheelers in addition to Telescopic Front Forks for motorcycles with technology provided by SOQI, a 100% subsidiary of Yamaha Motor Company, Japan. Its OE customers include Bajaj Auto, Kinetic, LML, TVS Motor Co. and Piaggio.

Gabriel's plant at Noida manufacturers Shock Absorbers and Front Forks. Besides supplying to Yamaha Motorcycles, it meets the entire Shock Absorber requirement of LML scooters. During the year, the plant initiated capacity enhancement for motorcycle shock absorbers and front forks, which is expected to be completed by July 2004. The facility also upgraded its manufacturing capability for commencement of supplies in the first half of 2004-05 for Maruti-Omni.



Gabriel's Chakan facility, near Pune, manufactures Shock Absorbers and Struts for new generation cars with technology from Kayaba-Japan, APA-Kayaba, Spain and Arvin Ride Control Products, USA. The plant continues to be a single source supplier for Ford-Ikon, Hyundai-Santro and Toyota-Qualis. During the year, the Chakan facility was selected as a full design capable vendor for Ford India's new project. The plant also made pilot supplies for Maruti 800 and Zen. New orders received during the year included General



TOP: Mr S Takeuchi, Joint MD, Maruti (centre) at Gabriel's Strut plant, Gurgaon

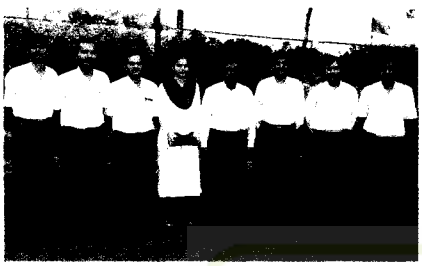
CENTRE: Mr Cesar Ungaretti, Senior Director-Suspension Modules, ArvinMeritor Inc. USA (left), being welcomed at Strut Plant

BOTTOM: Mr Dan Daniel, Sr. Vice President & President, ArvinMeritor, USA at Gabriel-Hosur

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Motors-Chevrolet Tavera, Toyota Kirloskar's new project and Maruti-Alto and Wagon R models, supplies for which are expected to commence in 2004-05.

Owing to its focus on quality, cost and delivery as well as new product development, the Chakan facility, during the last year, had several achievements to its credit. Besides the TS 16949 certification : 2002 edition, it also received the Ford Q1 Award, the 100 PPM certificate from Hyundai Motors India and an Appreciation certificate from Toyota Kirloskar Motors for environment-friendly standards.

Research and Development

With increasing expectations of consumers for vehicles with world-class design, OEMs are benchmarking practices in Europe and USA to deliver quality and performance at low cost. In view of this, there is immense pressure on component suppliers to not only reduce prices but also upgrade technology, product engineering knowledge base and processes.

Over the last few years, with substantial investments made in new equipment and technical expertise, Gabriel India's R & D centre for four wheelers at Chakan, is today well equipped to provide its customers with complete testing and validation facilities at par with global companies. During the year, Gabriel India added test equipment to simulate various sub-zero temperatures / hot environment conditions during durability tests and the noise test track for evaluation and analysis of suspension noise. All these additions make Gabriel facilities unique and attractive to OEMs in India.



TOP: Mr Deep C Anand, Chairman-Anand, inaugurating the Engineering and Validation Centre at Gabriel-Nashik

CENTRE: Nashik team receives the 'Best Vendor Award' from Yamaha Motor India for the 2nd time in the same year

BOTTOM: Mr Jeffrey Stoner, Vice President-Worldwide Procurement, ArvinMeritor Inc., USA (3rd from right) visits Hosur facility

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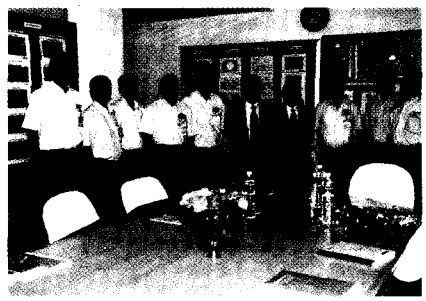


The Company is bench-marking various global products to continuously improve its own product quality. This will give Gabriel a competitive edge to expand its export business.

The Company also has a dedicated R&D Centre for two-and three-wheelers in Hosur. Equipped with modern testing equipment such as cam drum, stroking and coil spring endurance machines, servo hydraulic test system, bump test rig and a muffle furnace, this R&D centre has been strengthening its facilities by inducting engineers and designers, and also creating special performance and validation testing including vehicle instrumentation exercises to map ride comfort as per requirements of its OE customers. Further, to reduce the lead-time on new product development, Gabriel India works jointly with the customer from inception to production.

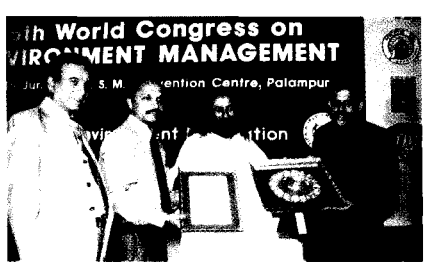
Engine Bearings

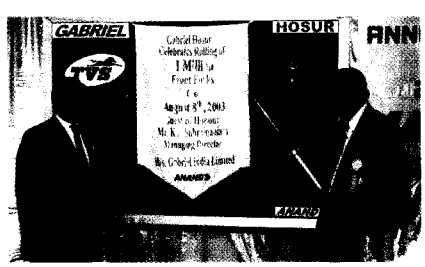
Gabriel India started manufacture of Engine Bearings in 1978 at Parwanoo (Himachal Pradesh) in collaboration with Federal-Mogul Corporation, USA, world leader in thin-walled, bimetal Engine Bearings. The plant has a fully integrated facility for the manufacture of a complete range



of Bimetal Bearings, Bushes, Flanges and Thrust Washers.

In view of the growing demand from passenger car industry for Aluminium Tin Bearings, the Company set up another facility, located in Khandsa (Haryana) in 2003, to cater to the needs of customers in the OE and Aftermarket segments. As part of manufacturing rationlisation, the Large-size Bearing and Bush manufacturing equipment was relocated from Parwanoo to the Khandsa facility, which commenced production during the year.





TOP: Mr Robert Carlstedt, Director-Ride Control Engineering, Light Vehicle Systems, ArvinMeritor Inc. USA (4th from right), at Gabriel-Hosur

CENTRE: Mr Mitsunori Koyama, MD & Mr Motoyoshi Nakamura, GM-Overseas Project, SOQI Inc. Japan (6th and 7th from left respectively) at Gabriel-Hosur

BOTTOM LEFT: Gabriel-Hosur receives Golden Peacock Eco Innovation Award

BOTTM RIGHT: Mr K N Subramaniam, MD-Gabriel India (left) raising the curtain for achieving 1 million front fork production at Gabriel-Hosur during the Annual Day celebrations

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The Parwanoo facility, QS 9000 certified, has an annual manufacturing capacity of 20 million pieces and is equipped with an in-house chemical and metallurgical laboratory, a non-ferrous powder foundry, sinter lines, semi-automatic presses, high speed broaching machines and an automatic electroplating facility. To maintain the high quality of its products, the plant also has sophisticated testing facilities including a computerised Bearing Profile Analyzer and other metallurgical equipment.

Another feature of the Parwanoo facility is the state-of-the-art 'Autoline', imported from Federal-Mogul, USA. This fully automatic line, with a logic control system, caters to the passenger car and commercial vehicle segments. The plant is also equipped with a semi-automatic line for the manufacture of copper-lead and aluminium-tin bearings as well as a medium-sized bearing line for Cummins.

The Company has made a major breakthrough in automotive bearings by getting orders for supply of bearings to Ford Sigma Engine. This will help the Company in getting more orders both from Indian and global OEMs in the automotive segment.

Collaborators

Gabriel India is in technical and financial collaboration for Ride Control Products with ArvinMeritor Inc., USA, a global provider of integrated automotive systems, modules and components for original equipment manufacturers and their related aftermarkets, with annual sales turnover of close to US $ 8 billion. 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 Kayaba Industries Co. of Japan, APA-Kayaba, Spain and SOQI - a 100% subsidiary of



TOP: From Federal-Mogul, USA : (R-L) Mr Barry E Schwab, International Business Manager, Mr Frank E Macher, Chairman & CEO, Mr Charles B Grant, VP, at Gabriel India's Engine Bearing facility at Khandsa, Gurgaon

BOTTOM: From Federal-Mogul, Wiesbaden (Germany): Mr Michael Steeg, Director-Quality Management and Mr Lothar Schnell, Director-Sales (3rd & 2nd from right respectively)

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