

**GABRIEL**

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**Gabriel India Limited**  
annual report 2005

# 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  
Tel : 011 - 26564542,  
26564666  
Fax : 011 - 26862644

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 - 561931-34  
Fax : 02135 - 561030  
email : secretarial  
@gabriel.co.in

## 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)

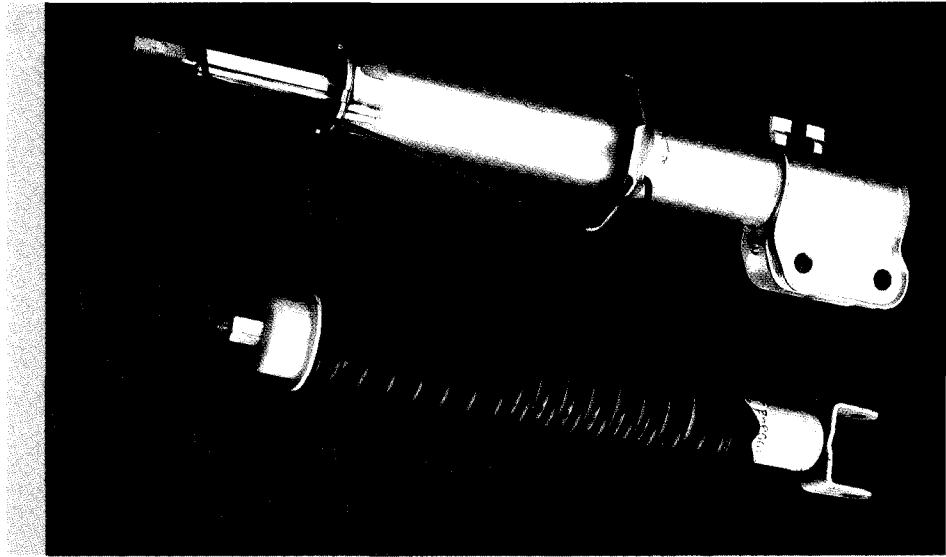
38th Milestone, NH 8  
Delhi-Jaipur Highway  
Behrampur Road, Khandsa  
Gurgaon-122 001  
(Haryana)

**ANAND** 

## Financial Highlights

	2004-05	2003-04
Domestic Sales (Rs. Million)	4635.3	4076.8
Export Sales (Rs. Million)	143.3	133.2
Total Sales (Rs. Million)	4778.6	4210.0
Profit Before Tax (Rs. Million)	263.3	262.4
PBT as a % to Sales	5.5	6.2
Profit After Tax (Rs. Million)	178.9	166.8
PAT as a % to Sales	3.7	3.9
Return on Net Worth (%)	18.6	19.8
Net Worth per Share (Rs.)	134.2	117.2
Earning per Share (Rs.) -Basic & Diluted	24.9	23.2
Dividend per Share (Rs.)	7.0	6.0
Dividend Cover (Times)	4.6	5.4
Return on Total Assets (%)	6.4	6.2

## Company Highlights



- TS 16949 : 2002 edition Quality System certification for Dewas facility
- ✱ Commenced supplies of shock absorbers from Chakan for Toyota Innova Multi Utility Vehicle
- ✱ Chakan plant started supplies of shock absorbers for Maruti-Alto & Zen models
- Received LOI from GM for T 200 Rear shock absorbers
- ✱ Dewas facility won the 'Best Vendor' award from Eicher Motors
- ✱ Dewas plant developed and started supply for Tata new model - Cub
- ✱ Nashik plant commenced supplies to Mahindra & Mahindra for Alfa model
- ✱ Hosur plant started supply of Nickel chrome plated Inner Tubes for Front Forks
- ✱ Hosur plant developed shock absorbers and front forks for TVS new model motorcycle - Star
- ✱ Gabriel selected as supplier for Bearings for Ford Sigma Engine



Commencing operations in 1961 with a single plant in Mulund, Mumbai, the Company has grown manifold since then and has nine manufacturing facilities across the country - seven for Ride Control Products and two for Engine Bearings. As far back as 1993, Gabriel was the first company in India to receive the ISO 9002 Quality system certification in its product category. Facilities at 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 and Chakan facilities have TS 16949: 2002 edition.

## Company Profile

Gabriel India Limited, a leader in the Indian auto component industry, manufactures Shock Absorbers, Struts, Front Forks and Engine Bearings with the widest range of Ride Control products in India. Sold under the renowned brand 'Gabriel', the Ride Control products have established a strong presence both in domestic OE and Aftermarket as well as Overseas markets and the brand is synonymous with shock absorbers.

With systematic investments made in plant and machinery, improved process capabilities, technology up-gradation and with over four decades of experience, the Company is well equipped to meet the rising demand for quality products.



BOTTOM LEFT: Mr Jim Barbison, Director-Worldwide Product Engg and Mr Daniel G Chien, MD-CVS Suspension & Ride Control, ArvinMentor (3<sup>rd</sup> & 4<sup>th</sup> from left resp.) on a visit to Gabriel India

## Ride Control Products

Having a combined capacity of over 10 million Shock Absorbers, Struts and Front Forks, the seven Ride Control facilities 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 facilitate JIT supplies, most of the facilities of Gabriel India are located in close proximity to those of its OE customers.



BOTTOM RIGHT: Mr PM Telang, Sr VP (2<sup>nd</sup> from left), Mr Ravi Kant, Executive Director (centre) & Mr AP Arya, VP, Tata Motors (extreme right) with Mr S Sengupta, GM-Operations, Gabriel Dewas (left)

TOP: Gabriel India Annual General Meeting at Chakan  
CENTRE: Mr Rajan Wadhwa, Director-SCM (2<sup>nd</sup> from right) & Mr S Sandilya, Chairman (extreme right), Eicher Motors Ltd, giving the Best Vendor Award to Mr S Sengupta, GM-Operations, Gabriel-Dewas and Mr J Narayanan, VP-Operations, Ride Control Products, Gabriel India



Gabriel India's Mulund facility manufactures shock absorbers for two/three wheelers, cars, LCVs, HCVs, air suspension buses and railways. The plant is a major supplier of shock absorbers to OEMs like M&M, Bajaj Auto, Wheels India and Sutlej for air suspension buses besides the Indian railways. It also exports shock absorbers required for Golf carts, Carvans & Railways.

The Dewas facility manufactures Hydraulic, Gas-pressurised and Spring

Seat shock absorbers as well as Cartridges for passenger cars and commercial vehicles. Investments were made during the year to upgrade the manufacturing capabilities by way of adding new equipment – On-Line sub assembly cleaning machine, Semi automatic linear Migwelding machine – to service its customers better. This strategic investment resulted in 30% increase in OE sales over the previous year and the Company enjoys a preferred supplier status with all OEM customers.



Its share of business with Ashok Leyland and Tata Motors increased substantially this year. The plant also commenced exports to Europe to its collaborators - ArvinMeritor's facility in France. During the year, the plant also received the TS 16949:2002 certification.

With its endeavour to initiate JIT supplies to Maruti - the first Strut plant of the Company was set up in Gurgaon. Receiving technology assistance from Kayaba, Japan, the plant has consistently increased its market share. Owing to its continued focus on customer satisfaction, the TQM activities undertaken have resulted in the formation of high involvement teams which keep a tab on market dynamics. This facility has started supply of Zen struts to Maruti this year.

TOP: Gabriel Dewas team with the TS16949: ISO 2002 Certification

CENTRE: Mr T Shimizu-Vice President, Mr T Yoneda-Director and Mr Haruo Tatsumi, Yamaha Motors, Surajpur, on a visit to Gabriel Hosur plant

BOTTOM: Mr K Kamaraj-Engineer, Product Engineering of Toyota Kirloskar Motors (2<sup>nd</sup> from left), Mr K Miyahara, Project Manager, Overseas Project Group, Toyota Motor Corporation (centre), Mr S Yamaguchi, DGM, Product Design & Development Div. (2<sup>nd</sup> from right), Toyota Kirloskar Motors on a visit to Gabriel Chakan plant



was introduced to improve the product life.

The Nashik plant is a major supplier to both the OE and Aftermarket customers. This facility manufactures shock absorbers for two and three wheelers and Telescopic front forks for motorcycles with technological know-how provided by SOQI, a 100% subsidiary of Yamaha Motor Company, Japan. The plant has added Mahindra and Mahindra to its existing list of customers for supply of shock absorbers.

Gabriel's Hosur facility produces 0.5 million front forks and 1.9 million shock absorbers per annum for motorcycles and scooters. The plant underwent capacity expansion for front forks to meet the growing demand of motorcycles in India. The plant ensures JIT supplies to TVS Motor Co. at Mysore and Hosur as well as Royal Enfield at Chennai and Honda Motorcycle and Scooter India at Manesar, its major customers. Its share of business with Honda Motorcycle and Scooter grew significantly during the year. Exports to SOQI Inc., Japan and Yamaha continued. Nickel Chrome plating of Inner tubes for Front Forks

The Noida plant manufactures shock absorbers and front forks, supplying to Yamaha Motorcycles and a wide range of products to the Aftermarket.

The Company's Chakan facility, near Pune, manufactures shock absorbers and struts for new generation cars with technology from Kayaba-Japan, APA



TOP: Mr Mark C Chambers, Business Leader-WABCO, China (2<sup>nd</sup> from left) and Mr Carsten Duvell, VP-WABCO, Belgium (extreme right) at Gabriel's Hosur facility

CENTRE: Mr KK Lee and Mr DH Lee of Hyundai Motor Corporation, Korea, visited Gabriel-Chakan for Hyundai's new 5-Star Audit Program

Kayaba, Spain, a wholly owned subsidiary of Kayaba, Japan, Arvin Ride Control Products, USA. The plant continues to be a single source supplier for Ford-Ikon and Hyundai-Santro. The plant started supplies to Toyota Innova Multi Utility Vehicle and will start supplies to Ford B-226 (Fusion) and B-376 platforms from 2005-2006. It has also recently won business from General Motors for T200 Rear shock absorbers.



## Research and Development

Research and development has always been the cornerstone of Gabriel. The advent of the new generation vehicles has led to higher customer expectations. The need of the hour is to meet these expectations and upgrade our own product technology

BOTTOM: Mr RK Sharma, Chief Manager-QA, Yamaha Motor India, Surajpur (2<sup>nd</sup> from right) at Gabriel's Hosur facility





capabilities. R & D, with its role of technology & knowledge data bank, works on basic research using computer simulation of oil flow as well as advance CAE (Computer Aided Engineering) to analyze and improve product performance. Many customers now expect technology support beyond shock absorbers and more towards suspension solutions. The Company strives towards development of these capabilities to strengthen its portfolio through its R & D efforts. The new projects awarded are a result of such advanced capabilities.

Besides the existing R&D centre for four wheelers at Chakan and two-and three-wheelers in Hosur, the Company has set-up a new Product Validation centre at its Nashik facility to provide complete research & development with state-of-the-art testing and validation facility for shock absorbers and front forks. These investments in R & D will yield new product developments and add to the growth of the Company, besides providing an excellent choice for the OEMs in India.

Benchmarking against global products, the Company continuously strives to better its product quality attaining a competitive edge to expand its export business.

## Engine Bearings

Gabriel India set-up a facility to manufacture Engine Bearings in 1978 at Parwanoo (Himachal Pradesh) in collaboration with Federal-Mogul Corporation, USA, world leader in thin-walled, bimetal Engine Bearings. It is a fully integrated facility manufacturing a complete range of Bimetal Bearings, Bushes, Flanges and Thrust Washers.



TOP: Mr Kai-Martin Mayer, Component Engineer-Crankshaft System (2<sup>nd</sup> from right) and Mr Stephan Rosgen, Component Engineer-DOHC Engine Design (3<sup>rd</sup> from left), Ford Sigma Engine, visiting the Engine Bearing plant in Parwanoo

CENTRE: Mr Jeff Carter, Marketing Director-Europe (left) and Mr Charles Irving-Swift, VP & GM, Glacier Vandervell Bearings (centre), Dana Corporation, visiting the Khandsa facility

BOTTOM: Mr Marcus Paul, Engineering Development Manager (left) and Mr Dennis Vanpelt, Heavy Duty Factory Manager (centre), Dana Glacier Vandervell Bearings, visiting the Engine Bearing Parwanoo plant





facility has an annual production capacity of 20 million pieces. The testing facilities include a computerised Bearing Profile Analyzer and other metallurgical equipment to sustain the high quality of the finished products.

The state-of-the-art fully automatic 'Autoline', imported from Federal-Mogul, USA is a proud acquisition of the Parwanoo plant, which caters to the commercial segment. The plant also has a semi automatic line to manufacture copper-lead and aluminium-tin bearings as well as a medium-sized bearing line for Cummins. Acquisition of the Cummins business has added to the business potential.

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 Khandsa plant also manufactures large size Bearings for Railways and Bushes for automotive applications.

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, the Parwanoo



global provider of integrated automotive systems, modules and components for original equipment manufacturers and their related aftermarkets, with an annual sales turnover of US \$ 8 billion.

Other collaborators of the Company are Kayaba Industries Co. of Japan, APA Kayaba, Spain, a wholly owned subsidiary of Kayaba, Japan and SOQI - a 100% subsidiary of Yamaha Motor Company, Japan. Federal-Mogul, USA also continues to hold equity of a little over 5% in the Company.

## Collaborators

Gabriel India has financial cum technical collaboration for Ride Control Products with ArvinMeritor Inc., USA, a

Continuous support is extended to the Company by the Collaborators. This includes technical know-how and



TOP: Mr Koji Masuda, Plant GM-Kayaba, Japan (3<sup>rd</sup> from right), Mr Tetsuo Miyamoto, GM-Kayaba Motor Cycle Parts Div (2<sup>nd</sup> from right) and Mr Masumitsu Tokuda, Staff of Operation Planning Dept-Kayaba, Japan (extreme right), being welcomed at the Noida plant

CENTRE: Mr Robert Carlstedt, Director-Ride Control Engineering, Light Vehicle Systems (2<sup>nd</sup> from left) and Mr Sidney Del Gaudio, VP & GM-LVS Undercarriage (4<sup>th</sup> from left) ArvinMeritor Inc. USA at the Strut plant in Gurgaon



BOTTOM LEFT: Mr Itoyo Tsuchiya (2<sup>nd</sup> from right) and Mr Katsuji Meguro (left), SOQI Inc. Japan being welcomed at Gabriel Hosur plant

BOTTOM RIGHT: Mr Ashish Rikhi, Manager-R&D, Gabriel India receiving the QCDGP Quality award for Warranty Reduction in 'Victor' Shock Absorbers on behalf of Gabriel Hosur plant



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.

## Marketing Strategy

Gabriel's market leadership position for Ride control products and a significant presence for Engine Bearings is the result of its customer centric approach.

In its endeavour to provide quality products, the Company lays emphasis on trained sales personnel interacting closely with the channel partners and other decision makers. A country-wide distribution network, comprising a large

dealer base built over the years, helps in providing market penetration.

The Company regularly organises meets and provides platform for exchange of information with mechanics and reborers. Its all-India service network provides technical support to reborers and mechanics on product related issues. Various marketing initiatives undertaken to reinforce its strong brand image are vast product range, new product development, market penetration, sales promotion activities for both the trade and various segments of vehicle

owners and market research activities. These activities help the Company to keep abreast with the changing business scenario and provide insights on market potential.

## Exports

The Company's continued focus on exports for Ride Control products reflects well in its penetration of attractive markets besides sales to its partners and direct sales to OEMs. Export of shock absorbers to SOQI, Japan, continued during the year with



TOP: Branded Gabriel Van ready for a brand promotion campaign in Western UP, Haryana and Chandigarh  
BOTTOM LEFT: Training conducted by Gabriel India managers at the Eastern Railway Kacharapara Workshop

BOTTOM RIGHT: Gabriel's participation at an Auto Fair in Chennai