

2007-2008

# Gabriel India Limited

annual report 2008

Report Junction.com

**GABRIEL**

# Gabriel India Limited

**Deep C Anand**  
**Chairman Emeritus**  
 (Appointed on May 21, 2008)

## Board of Directors

**Deep C Anand**  
**Chairman**  
 (Ceased to be the Chairman on May 21, 2008)

**Prakash Kulkarni**  
**Executive Chairman**  
 (Appointed on May 21, 2008)

**K N Subramaniam**  
 (Ceased to be the Managing Director on May 21, 2008)

**Arvind Walia**  
**Managing Director**  
 (Appointed on May 21, 2008)

**Russi Jal Taraporevala**  
**C S Patel**  
 (Ceased to be a Director on May 21, 2008)

**Ravi K Sinha**  
**Padmini Khare Kaicker**

**M S Sandhu**  
 (Ceased to be a Director on May 21, 2008)

**Rakesh Sachdev**  
**Deepak Chopra**

## Financial Controller

Alok Agarwal

## Company Secretary

Radha Sitaraman

## Bankers

Standard Chartered Bank

Bank of India

ICICI Bank

IndusInd Bank

Citi Bank

ABN Amro Bank

## Auditors

Price Waterhouse & Co.

Building No. 8, Tower B

DLF Cyber City,

Gurgaon - 122 002

## Solicitors

V D Wadia & U Deshi

Elphinstone House,

1st Floor, 17, Mezboun Road,

Opp Sterling Theatre,

Mumbai

## 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: 09922908401-04  
 Fax: 02135-261200  
 mail: secretarial@  
 gabriel.co.in

## Sales Office

10, Prasad Chambers  
 Opera House  
 Mumbai 400 004

## 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)

38 KM Stone Behrampur Road,  
 Khandsa, Gurgaon - 122 001  
 (Haryana)

**ANAND**   
 automotive systems

## Financial Highlights

	2007-08	2006-07
Domestic Sales (Rs Million)	5344.5	5941.8
Export Sales (Rs Million)	72.2	69.4
Total Sales (Rs Million)	5416.7	6011.2
Profit Before Tax (Rs Million)	123.6	981.5
PBT as a % to Sales	2.3	16.3
Profit After Tax (Rs Million)	76.5	731.1
PAT as a % to Sales	1.4	12.2
Return on Net Worth (%)	5.8	55.9
Net Worth per Share (Rs)	18.5	18.2
Earning per Share (Rs) -Basic & Diluted	1.1	10.2
Dividend per Share (Rs)	0.7	0.7
Dividend Cover (Times)	1.9	4.8
Return on Total Assets (%)	2.0	24.4

## Company Highlights



- Supplies started to Yamaha Motor for its new advanced mobikes
- Commenced supplies to Suzuki for its new Scooter and Motorcycles
- Supplies started to TVSM for its Indonesia project
- Supplies started to Maruti Suzuki - SX4, Mahindra Renault - Logan and TATA - Nano, World Truck & Panel Van
- Letter of Intent received from Volkswagen for its new Compact Car in India and M&M for its future products, W201 & 408, Bolero upgrade
- Technical agreement signed with KYB Corp., Japan for 2-wheelers
- Tie up with S&T Daewoo, Korea for supply of products for GM
- Setting up of state-of-the-art facility at Khandsa, Haryana and commencement of prototype production for Maruti Suzuki's new export model from the facility
- Commencement of commercial production in Parwanoo, Himachal Pradesh
- Casting facility project initiated at Chakan, Pune
- Chakan plant qualifies the quality audits of Renault-score B+(70%) and Volkswagen at 85%
- Cost saving through Strategic Sourcing from China
- Closure of loss making Noida Unit
- All plants implementing TPS



establishing its brand name 'Gabriel' in OEMs as well as Aftermarket.

## Facilities

The Company presently has six facilities in the country, at locations selected to ensure JIT supplies to its customers and also optimise the availability of materials. Total production capacity of the Company is 20 million Shock absorbers and Struts and 2.6 million Front forks.

Last two years saw a period of consolidation and reorganisation in the Company, wherein two plants - the oldest plant at Mulund, Mumbai and the plant at Noida were closed due to techno-commercial reasons while new plants were set-up at Parwanoo and Khandsa (Gurgaon) to facilitate JIT supplies to the customers.

## Four Wheelers - Passenger Car Segment

### Chakan (Pune)

Set up in 1997, this facility has a production capacity of 2.7 million Struts and Shock absorbers and caters to all Passenger Car OEMs like Tata Motors, Hyundai, Renault, General Motors, Toyota, Mahindra & Mahindra, Ford etc. This facility is supported by technology from KYB Corp., Japan and KYBSE, Spain to cater to the requirements of European as well as Japanese and Korean OEMs. In addition, the Company has developed its own technology base at Chakan to be able to give indigenously designed high

## Company Profile

Gabriel India Limited has a very strong presence as producer and supplier of high quality Ride Control Products for the Indian Automotive Industry, participating in all segments - Passenger cars, Utility vehicles, Commercial vehicles and two-wheelers.

Starting its operations in 1961, from its factory in Mulund, Mumbai, the Company had participated in the development of Automotive Industry in India and increased its production capacities through presently six facilities and



TOP: Mr Yukimine Tsuji, Chief Manufacturing Officer, Yamaha Motor Pvt Ltd (centre) along with Mr Arvind Walia, MD, Gabriel India (3<sup>rd</sup> from right), after planting a tree at Gabriel-Hosur during a visit to the facility

BOTTOM LEFT: Mr Yoshio Mabuchi, President, SOQI Hydraulic Systems, Japan, on a visit to Gabriel-Hosur (third from left) to explore new business & product offerings

BOTTOM RIGHT: Operating Engineers working on the shop floor at the newly constructed Gabriel-Parwanoo plant



quality products ideal for Indian road conditions. The plant has high level of quality certifications like TS16949, ISO14001 and OHSAS18001. In addition, the plant has undergone and cleared the audit successfully by international customers like Renault and Volkswagen.

## Khandsa (Gurgaon)

New facility is being set up at Khandsa, Gurgaon, with the most

modern equipments and processes including, for the first time in the Company, in-house facility for e-coating and chrome plating. The chrome plating facility based on dyna chrome technology is being introduced for the first time in South East Asia. The plant has commenced prototype production and will start commercial production in Q2 of FY 2009 and will meet the requirements of Shox and Struts for Maruti Suzuki, which is targeting to produce one million vehicles by year 2010. This plant will also produce

world-class Ride Control products for Maruti Suzuki's new models, which are planned for export to developed countries in Europe and Japan. The plant will employ 220 people and is expected to become a benchmark plant for Ride Control products in India.

## Commercial Vehicles

### Dewas

Set up in 1992, Dewas plant has an operating capacity of 4.3 million nos., it supports requirements of all commercial vehicles in India like Tata Motors, Eicher, M&M, Force Motors etc. With its focus on high quality and customer services, it has further consolidated its



TOP : Team from KYB Corporation, Japan with the Gabriel India team at Gabriel-Khandsa facility

Centre : View of the newly constructed Gabriel-Khandsa facility

BOTTOM: R&D Team from Eko Vehicles, the manufacturer of electric vehicles during a visit to Gabriel-Hosur with the Gabriel team



segment, the Company has set up an additional facility at Chakan, Pune, which has a manufacturing capacity of 1.2 million nos. The requirement of the customers from western India for Commercial vehicles, will be catered to by this facility. The plant also has a modern facility to manufacture new generation products for Indian Railways.

## Two Wheelers Ambad (Nashik)

dominant position in the Commercial vehicle segment.

Dewas facility is certified for TS16949, ISO14001, OSHAS18001. It is currently working towards the implementation of Toyota Production System and is expected to fully implement it by the year end. The strong focus of the Dewas plant is to have significant increase in productivity through TPS implementation.

## Chakan (Pune)

Anticipating the growth and demand in Commercial vehicle

Set up in 1991, this facility manufactures Shock absorbers and Front forks for two-wheelers (Scooters & Motor Cycles). The technology is provided by SOQI Hydraulic Systems, a 100% subsidiary of Yamaha Motor Company, Japan. It has a manufacturing capacity of 2.5



TOP: Shareholders on a round of the plant during their visit for the AGM

CENTRE: View of the Gabriel-Parwanoo plant, which commenced production during the year

million Shock absorbers and 0.7 million Front forks and is a supplier to OEMs like Bajaj, Yamaha, Piaggio, Kinetic. The plant is certified for TS16949 and is currently engaged in TPM initiative.

## Hosur

Set up in year 1997, the Company, currently has facilities to manufacture 2.9 million Shock absorbers and 0.9 million Front forks for the two/three wheeler industry, servicing requirements of TVS, Suzuki, HMTI and Yamaha. The Company has developed high level of competency for developing new products and is backed by technology support from SOQI and KYB of Japan. The plant also exports its products to SOQI, Japan for the Japanese market and supports TVSM, Indonesia for its products launched in Indonesia.

## Parwanoo

Set up in the year 2007, the Company has the ability to produce Struts for Passenger cars, Front forks for 2-wheelers and Shock absorbers for all vehicle segments. This facility has been created primarily to meet the requirements of replacement



market and also optimise the benefits available under special schemes of Govt. of India for hilly regions including Himachal Pradesh. The Company also provides tax optimised products to OEMs who have set-up facilities in tax exempted areas like Uttaranchal and Himachal Pradesh. The facility is expected to optimise its production levels to contribute significantly to the profitability of the Company.

## Casting Facility

The Company has also taken a major initiative to set up an Aluminium Casting facility at the Chakan campus. This facility will be used to produce Outer Tube required for making Front forks. Backed by KYB Corp., Japan, it will be capable of making, for the first

time in India, tubes from specialised alloys to meet the critical requirements of Yamaha India. This facility is scheduled to start manufacturing by March, 2009.

## Research & Product Development

Over the years, the Company has successfully created the required expertise in people as well as infrastructure to develop new products, subject these new developments to comprehensive tests and also enhance capability to design to the specific requirements of the new models in conjunction with the OEMs. The Company's R&D division is located

in Chakan, Pune, which focuses on products and R&D work for four wheelers (Passenger cars and Commercial vehicles) while the R&D facilities at Hosur and Ambad focus on product development for two and three-wheelers. The Company has also developed necessary skills and facilities (ride tuning van) to provide concurrent ride tuning for new applications.

Value added services like Computer Aided Engineering (CAE) are also provided to enhance product



TOP: Annual General Meeting in progress at Gabriel-Chakan

BOTTOM RIGHT: Operating Engineers working on the shop floor at Gabriel-Chakan



across the Company. This group has successfully supported the new facilities at Parwanoo and Khandsa, which have undergone and cleared audit processes of Suzuki, Japan, KYB Corp., Japan and Maruti Suzuki India.

## Collaborators

Gabriel India has financial cum technical collaborations 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. The Company serves commercial truck, trailer and specialty original equipment manufacturers (OEMs), certain aftermarkets and light vehicle manufacturers.

Other collaborators of the Company are KYB Corporation established in 1919 in Japan, a renowned manufacturer of ride control products in Japan, supplying to well known vehicle manufacturers globally having a market share of 23% with annual sales of USD 2.48 billion.

The Company also has a technical license with SOQI Hydraulic Systems, Japan, a 100% subsidiary of Yamaha Motors, Japan, specialises in the manufacture and sale of shock absorbing components for automobiles.

With their support, the Company is in a unique position to offer requirement specific technology solutions to different international OEMs for all three segments of the Automotive Industry.

## Exports

Continuing its focus on exports of Ride Control products, the Company has made a presence in the Latin American market. Owing to the increase in business in the two-wheeler Aftermarket segment in the region, the Company is recording a healthy increase in sales volumes.



performance. This organisation has high skilled engineers with an approximate investment of Rs 83 million.

## Technical Support Group

Supporting all the plant facilities, the Company has a highly trained, centralised Technical Support Group, which focuses on development and production of equipments, setting up of plants and optimising and standardising the manufacturing processes

TOP : Team from ArvinMeritor Inc. at the Anand stall at 8th Auto Expo 2008 with Mr KC Anand

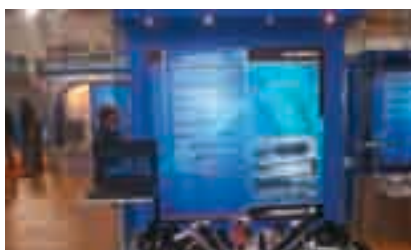
BOTTOM RIGHT: Team from Suzuki Motorcycle India, Manesar during a visit to Gabriel-Hosur for approving product supplies for a new motorcycle model



## Replacement Market

The Company also has a strong focus on replacement market, servicing through OEMs as original spare parts and also directly under its own 'Gabriel' brand name. The Company has an elaborate distribution network comprising 300 dealers in all major cities of the country, supporting about 10,000 retail outlets. A strong field force co-ordinates and services this activity.

The Company has been supplying to ArvinMeritor, CVS-Ride Control Products Division, Toronto, Canada during the year for which a Global Supply contract was signed in 2006. A number of new products, which have been developed, are awaiting final approval of the customers. This business is expected to grow exponentially in the next few years. A large number of products have been developed for SOQI Hydraulic Systems, Japan, replacing the earlier products, which have been phased out. The Company continues to rate highly as a preferred supplier.



TOP: Candidates of the ALIVE II (Anand Learning Initiative for Value Enhancement) batch with Mr Deep C Anand, Chairman & the senior management team, Anand Automotive Systems. Alive is an initiative launched at Group level to develop leaders

CENTRE: Gabriel participation at a fair to strengthen the aftermarket presence

## Human Resource Development

Gabriel India believes that Business is 90% people. The Company provides ample opportunities to employees at all levels of the Company to enhance their knowledge and skills. The growth and development of the employees is critical not only for their personal success, but also for the success of the Company. This philosophy



BOTTOM LEFT: Gabriel product display at the Anand stall at 8th Auto Expo 2008

BOTTOM RIGHT: Employees participating in the Hub Sports day at Bangalore