



Building a Sustainable Business

Gabriel India – A Snapshot

COUNTRIES WITH SALES PRESENCE

25

FY 2018-19

29

FY 2019-20

NET SALES (IN ₹ CR.)

2,052.37

FY 2018-19

1,854.31

FY 2019-20

MANUFACTURING FACILITIES

11

FY 2018-19

11

FY 2019-20

REVENUE GROWTH

13.1%

FY 2018-19

(9.9)%

FY 2019-20

EMPLOYEE BASE

3,943

FY 2018-19

3,684

FY 2019-20

REVENUE CAGR

9.8%

(OVER FY 2015-19)

6.9%

(OVER FY 2016-20)

NUMBER OF OEM CUSTOMERS

31

FY 2018-19

37

FY 2019-20

EBITDA MARGIN

8.6%

FY 2018-19

7.4%

FY 2019-20

NEW PRODUCTS ADDED TO PORTFOLIO

378

FY 2018-19

500+

FY 2019-20

REVENUE EARNED FROM NEW PRODUCT LAUNCHES (IN ₹ CR.)

86

FY 2018-19

92

FY 2019-20

DISTRIBUTOR NETWORK

664

FY 2018-19

700+

FY 2019-20

MARKET CAPITALISATION (₹ CR.)

2,086

(as on 31 March, 2019)

Rank 564 on NSE

766

(as on 31 March, 2020)

Rank 589 on NSE

Contents

02 Financial performance **03** Gabriel India's pan-India presence **04** Chairperson's overview
06 The Managing Director's review **08** Gabriel India's 5P's sustainability platform **14** Directors' profile **15** Awards **16** Corporate information **17** Management Discussion and Analysis **22** Directors' report **41** Corporate governance report **54** Business responsibility report **64** Independent auditor's report **72** Financial statements **126** Notice



Building a Sustainable Business

At Gabriel India, we recognise that there will be years marked by Black Swans that affect our profitability and there will be years of robust product demand.

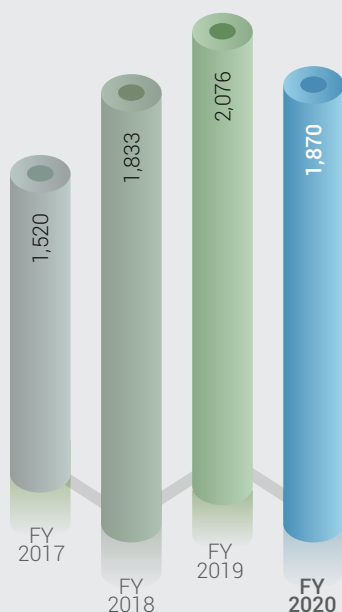
At Gabriel India, over the years, we have been consciously engaged in building a sustainable business, marked by proactive investments in the 5P's of our business - People, Products, Process, Profits and Planet.

These investments have helped us in deepening our overall competencies across these 5P's and supported us in 'Building a Sustainable Business'.

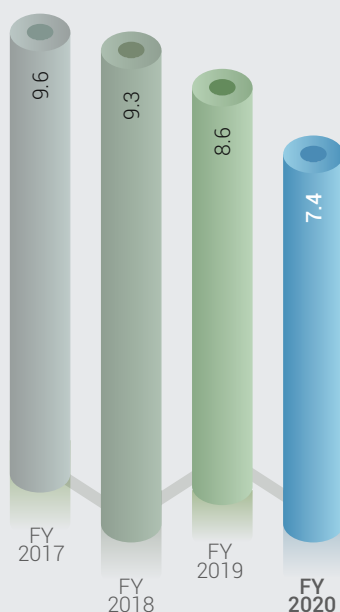
The result – Gabriel India building a sustainable business for the future - is positioned to empower us to resist slowdowns better than peers and capitalise effectively when market conditions revive.

Financial performance

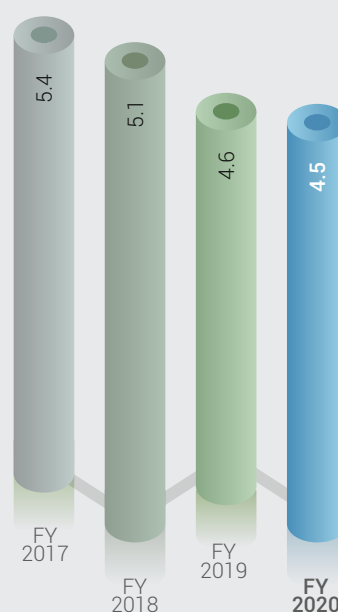
Revenue from operations (₹ cr.)



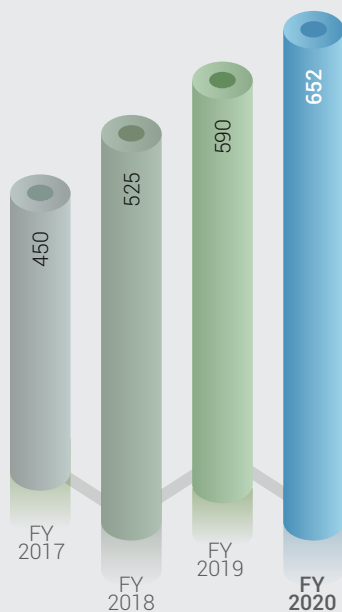
EBITDA (%)



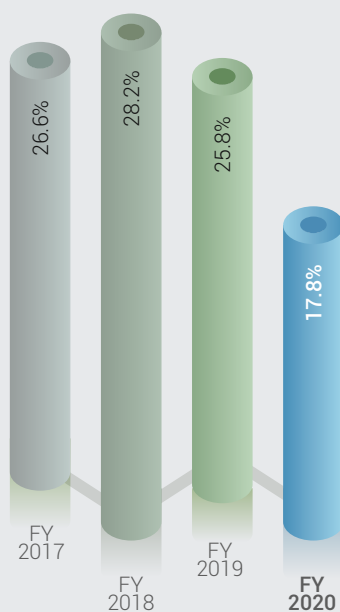
Net profit (PAT %)



Net worth (₹ cr.)



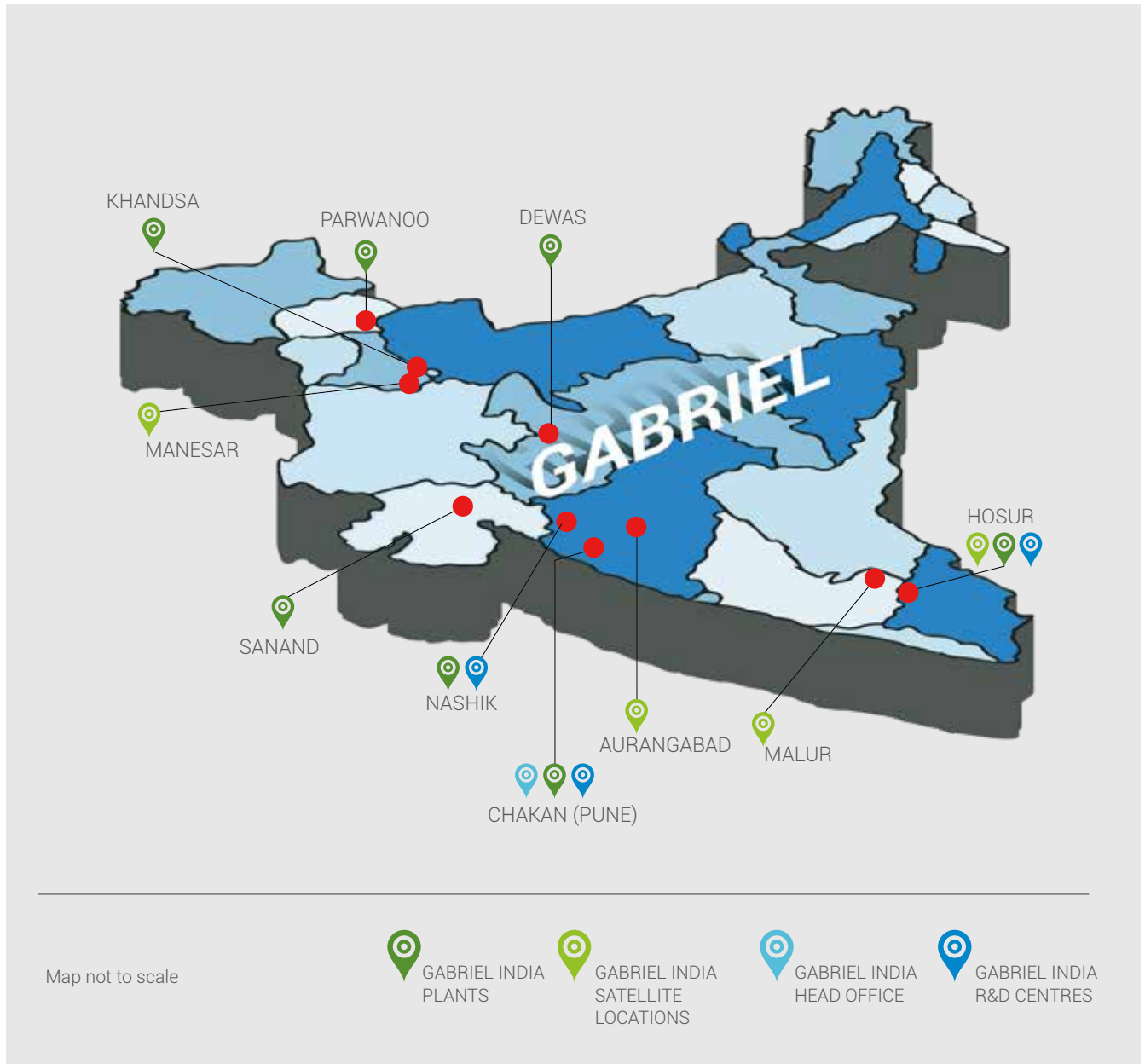
RoCE (%)



Dividend (₹ per share)



Gabriel India's pan-India presence



Some Key Customers

Ashok Leyland, Ather, Bajaj, Daimler, Force Motors, Ford India, Honda, Indian Railways, SML Isuzu, Kinetic, Mahindra, Maruti Suzuki, Okinawa, Piaggio, Renault, Royal Enfield, Suzuki, Tata Motors, Toyota Kirloskar, TVS, Volkswagen, V E Commercial Vehicles, Wheels India Limited, Yamaha, PSA, Bennelli, VW Russia and DAF Netherlands.

Chairperson's overview



Dear shareholders,

I am writing to you during very challenging times and I hope you and your loved ones are in the best of health. Since March 2020, we have been battling an invisible enemy, the COVID-19. This global pandemic and the subsequent lockdown have been a wake-up call for all of us, impacting the socio-economic fabric of society.

In this regard, I also want to update you all that Gabriel India has taken various steps to safeguard the interests of employees, support the customers, hand-hold suppliers and help the communities in our vicinity. We have also implemented all the international

standard measures, including the Government guidelines.

Our Business Sustainability platform

Few years ago, Gabriel India embarked on an ambitious vision: 'To be amongst the Top 5 shock absorber manufacturers in the world'. To achieve this goal, it embedded in its DNA a key attribute – Business Sustainability, which includes the five main drivers of PEOPLE, PRODUCT, PROCESS, PROFIT and PLANET. Business Sustainability covers every aspect of Gabriel India's existence and the focus on drivers has given sustained growth over the years. This has made Gabriel India resilient in the face of adversities and provides the impetus to emerge stronger from any eventuality.

The outcome of our sustainability commitment was evident during a

challenging FY 2019-20. The revenues declined on account of a sectoral slowdown, market sluggishness and the imposition of a lockdown towards the end of the financial year. Despite this, the Company reported EBITDA margins of 7.4%, a ₹27.3 cr. increase in net cash from operations and Return on Capital Employed (RoCE) of 17.8% in FY 2019-20.

At Gabriel India, the initial trigger of its sustainability initiative was the need for an investment in PEOPLE. The Company recruited fresh talent and empowered them to drive improvement projects. Young achievers were identified and promoted to critical positions. Emphasis was given to training and development as competencies became specialised. The result is the recognition by Great Place to Work® Institute for five consecutive years.

The focus shifted towards manufacturing PRODUCTS of the highest standards, with a substantial increase in y-o-y spending on Research and Development, to around 1.06% of net sales in FY 2019-20. Gabriel India strengthened end-to-end product development along with a broad-based product portfolio from the auto sector to railways. This resulted in Gabriel India being synonymous with Ride Control products.

It responded to the growing need for improved manufacturing PROCESSES. The Company focused on continuous improvements in Quality, Cost and Delivery. It invested in process innovation translating into better products at lower costs.

The natural extension of the sustainability drive translated into a greater respect for the PLANET. The Company invested in the 4 'R's of recycling, reuse, renewable and reduction. By integrating 'green' as a way of life, it invested in environment-friendly processes and renewable energy that moderated its carbon footprint.

The convergence of these initiatives translated into superior and

sustainable PROFITABILITY. Over the years, the Company reported a sustained growth in revenues and deeper OEM relationships, resulting in zero long-term debt and a substantial cash corpus. As a validation of the increased financial sustainability, CRISIL maintained the long-term rating at AA/Stable for bank loan facilities.

Our performance in FY 2019-20

The global economy weakened nearly 130 bps to 2.3% during 2019. The Indian economy declined from 6.1% to 4.2% in FY 2019-20, with muted consumer spending.

The slowdown was aggravated by a decline in liquidity, increased insurance premia, run-up to general elections and finally the onslaught of COVID-19. The Indian automobile industry sales degrew at around 17.96% during FY 2019-20, compared to a growth of around 5.14% in FY 2018-19.

In the backdrop of a severe slowdown, Gabriel India was able to sustain with marginal sales decline across Business Units. It reported a 22.50% decline in EBITDA from ₹177.80 cr. in FY 2018-19 to ₹137.80 cr. in FY 2019-20. The Profit Before Tax declined by 29.91% from ₹143.05 cr. in FY 2018-19 to ₹100.27 cr. in FY 2019-20.

In FY 2019-20, the Business Units supported OEMs in BSVI transition. The 2 & 3-Wheelers Business Unit set up a manufacturing facility in Sanand to support Honda Motorcycle and Scooter India. The Passenger Vehicle Business Unit supported the launch of Maruti Suzuki S Presso. The Commercial Vehicle Business Unit received nomination to supply parts to DAF Netherlands and developed high damping force technology products for Ashok Leyland's new platform. It was heartening to see the Railways Business Unit perform exceptionally well with a growth rate of more than 50% on the back of strong volumes. Finally, the Aftermarket Business Unit also performed relatively well by expanding its range with new SKUs and launching new product lines and degrew by only 1% in FY 2019-20.

I believe that the Company's sustained margins, overall customer centricity and introduction of new products on the back of a very volatile and tepid industry performance, represents a creditable achievement.

Our Awards and Recognitions

At Gabriel India, we enjoy longstanding relationships with a number of marquee OEMs. During FY 2019-20, the Company received 'Best Support' Award from Maruti Suzuki, 'Cost Reduction' Award from Suzuki Motorcycles, Outstanding Contribution Award for achieving 'Zero Defect

“
The principal message that I wish to send out to our stakeholders is that in the last few years Gabriel India has deepened its sustainability roots and strengthened your Company through process and product improvement.

Supplies' to Toyota Kirloskar Motors and 'Delivery' Award from Honda Motorcycle and Scooter India. Besides, it also won multiple awards at Federation of Indian Chambers of Commerce & Industry (FICCI), Automotive Component Manufacturers Association of India (ACMA), Quality Circle Forum of India (QCFI), Confederation of Indian Industry (CII) and Kaizen competitions.

Our outlook

I am cautiously optimistic of our future prospects. I believe that the battle against COVID-19 will be a long-drawn-out one and will require sustained and concerted efforts to overcome. On the business front, in the long run, I foresee a positive trend through sustained increase in the need for personal mobility. This could generate a demand rebound for automotive vehicles and translate into traction for our products. The outlook for FY 2020-21 appears uncertain and depends on the effectiveness with

which the pandemic can be controlled.

The principal message that I wish to send out to our stakeholders is that in the last few years Gabriel India has deepened its sustainability roots and strengthened your Company through process and product improvement. I am confident that our resilience will empower us to protect our fundamentals. To weather the storm and safeguard long-term interests, the Company has taken various measures like controlling operating costs, optimising manufacturing efficiency and cutting down capital expenditure.

Globally, there is scope to increase exports. The Company will strategically explore opportunities in the overseas markets by leveraging relationships with global OEMs in India.

Through a convergence of these initiatives and priorities, we shall steadily continue to pursue our vision 'To be amongst the Top 5 shock absorber manufacturers in the world' by 2025.

Acknowledgements

I am grateful for the support extended by all our stakeholders, particularly the shareholders. I would like to thank all our customers for reposing their trust in us and we will further strive to provide them with ultimate customer delight.

The wealth of experience and strategic guidance provided by our Board members has helped us during these tough times. I also acknowledge the immense contribution of ANAND Group and the supporting corporate teams. This overview will not be complete without a mention of our employees, who stand by us to counter the prevailing challenges.

We will continue to progress towards building a world-class organisation that enhances value for all its stakeholders in a sustainable way for years to come.

With my best wishes,

Anjali Singh
Executive Chairperson
Gabriel India Limited

The Managing Director's review

Adapting to a rapidly transforming marketplace with speed, security and sustainability in FY 2019-20

Dear shareholders,



I hope you and your family and friends are safe and in good health.

The ongoing global pandemic has inflicted an enormous psychological and economic impact on all of us and it will take years for the world to recover from its after-effects. We at Gabriel India, true to our ethos, have been able to not only hold our ground but also help people in our ecosystem during this crisis.

FY 2019-20 was one of the most challenging years for the Indian economy in general and the automobile sector in particular. The sector faced a number of challenges like increased vehicle insurance and sales costs, uncertainty over scrappage policy, impact of BS-VI implementation, growing competition from pre-owned cars, high GST rate of 28%, liquidity crunch and some amount of haziness on the future of IC Engines with the advent of EVs.

As the downtrend in industry continued unabated, there was an urgent need to tighten our belts, moderate our expenses and register a reasonable performance. I am pleased to report that we were able to achieve a relatively

decent performance despite a decline in revenues.

Our performance in FY 2019-20

The Company had achieved the historical revenue milestone of ₹2000 cr. in FY 2018-19. However, during the year under review, the Company encountered sustained automotive industry headwinds. The sector prepared for the transition to BS-VI norms, which affected offtake across segments. The impact of the global pandemic COVID-19 eroded revenues in the last 10 days of March 2020.

The revenue weakness normally makes it difficult to amortize fixed costs and report decent margins. To the contrary, Gabriel India reported an improvement in EBITDA margin from 6.6% in the second quarter to 7.8% during the last quarter of FY 2019-20. This increase in margins at a time when revenues declined represents one of the high points of our performance. This contrarian capability validates our resolve to deliver amidst challenges.

Countering the challenges

At Gabriel India, we recognised that abnormal times warrant special responses.

During the year under review, the Company institutionalized the introduction of CORE-90, which focused on sustainable cost reduction in 90 days. CORE-90 encompassed key cost components related to the manufacture of auto components like Raw Material Costs, Variable Overheads, Fixed Overheads and Productivity. We focused on a tighter management of inventory and receivables, which strengthened working capital efficiency. Gabriel India embarked on productivity improvements using the multiphase optimization strategy

“

The Company had achieved the historical revenue milestone of ₹2000 cr. in FY 2018-19. However, during the year under review, the Company encountered sustained automotive industry headwinds. The sector prepared for the transition to BS-VI norms, which affected offtake across segments. The impact of the global pandemic COVID-19 eroded revenues in the last 10 days of March 2020.

(MOST) methodology. It deepened skill development through online training for all employees.

The result of these business-strengthening initiatives was reflected across many fronts. Gabriel India won major export orders from renowned vehicle manufacturers in Europe and Russia, a breakthrough that could translate into sustainable multi-year relationships.

For a number of years, the Company invested in enhancing workplace passion. During the year, this was once again validated with the recognition as one of 'India's Best Companies to Work For' by Great Place to Work® Institute for the fifth successive year.

Gabriel India consistently positioned itself to take the business of its esteemed customers ahead by delivering the right quality product at the right time. This commitment was validated through awards from top OEMs. Its focus on efficiency-enhancing manufacturing initiatives resulting in operational leanness, was recognised in multiple industry body competitions.

Competitive advantages

At a time of sectoral weakness and a sharp decline in automobile offtake, we continue to remain cautiously optimistic of our long-term prospects.

The Gabriel India brand is synonymous with shock absorbers in India, virtually a generic name. This unique recall has sustained the Company's respect as a go-to vendor for a large cross-section of India's downstream auto customers.

The Company has graduated beyond just product manufacturing; its end to end product development capabilities have translated into brand-strengthening solutions to customers.

Gabriel India has progressively broad-based its presence across a range of mobility solutions to various segments from 2-Wheelers all the way to Railways.

The Company has invested in its future through R&D spending in excess of 1.06% of net sales, translating into various innovative products.

Gabriel India has deepened its people focus, creating a pipeline of leaders that makes it possible to develop talent for critical positions from within.

The Company has strengthened its business sustainability through the institutionalisation of the highest Health-Safety-Environment standards, marked by a greater focus on recycling, material reduction and renewable energy.

Given these realities, we are optimistic that our holistic approach to business will empower the Company to resist the ongoing downtrend and generate a healthy upside when consumer sentiment revives.

The impact of COVID-19 pandemic

As social distancing increased and countries went into lockdowns, there was a rapid decline in auto sales. This affected the offtake of the Company's products, especially in the last 10 days of FY 2019-20, when we encountered a complete loss of sales.

Outlook for FY 2020-21

The outlook appears uncertain for the economy, auto sector and Gabriel India in FY 2020-21. However, we are hopeful that many people may prefer to use personal vehicles over public transport. This could help widen the market for our products, as and when consumer sentiment revives. Favorable monsoons may strengthen rural demand in the second half of FY 2020-21.

To protect the integrity of the Balance Sheet, we have taken a number of initiatives to implement cost austerity. We will execute export orders on schedule and focus on seeking new orders. There will be a clear focus on maximising Aftermarket sales. There will also be an emphasis on cost reduction through import substitution and process automation.

I take this opportunity to thank our shareholders for their continued support and also thank our remarkable employees for their dedicated efforts during the time of crisis. We stand firm in our commitment to achieve sustainable growth and deliver value to all our stakeholders.

I finally urge everyone to stay safe and healthy.

With optimism,

Manoj Kolhatkar

Managing Director

Gabriel India Limited

Gabriel India's 5P's sustainability platform



Overview

- The 5P's of Gabriel India represent a platform for business sustainability
- The Company has invested in a structured manner in these sustainability drivers
- This structured approach has deepened competitiveness across market segments
- This competitiveness has been designed to protect the Company during downturns and maximise profitability during rebounds
- The result is a company that is one of the most respected in the ride control sector across India and many parts of the world



1 People

Among 'India's Best Companies to Work For' as recognised by Great Place to Work® Institute for five successive years
 Recruitment of specialised professionals
 Increased productivity; driven by outperformance
 Prudent recruitment; declining average age
 Driven by passion and youthfulness



2 Product

A name synonymous with Shock Absorbers in India
 Products made around the highest quality and environment compliance
 Superior performance (noise, vibration and harshness)
 Integrated one-stop capabilities
 End-to-end knowhow from product designing to manufacturing
 Pioneered a range of products



3 Process

Respected innovator
 Sustained research investments
 Technology engagements with global leaders
 Investments in 3 R&D centres
 Recruited specialised R&D professionals
 Sharp increase in patents



4 Profit

Stronger brand; higher revenues
 Stronger receivables management
 Growing Aftermarket relevance
 Deeper OEM relationships
 Zero debt
 Attractive cash corpus



5 Planet

Moderated carbon footprint of the product
 Investments in 4 R's (recycling, replace, renewables and reduction)
 Investment in cutting-edge technologies
 Preference for cleaner fuels, plants, resources and processes
 Zero liquid discharge effluent treatment
 Integrated 'green' as a way of life