

Suspension of Disbelief -

Automotive Suspension systems specialist Gabriel India is diversifying its portfolio by venturing into new domains.

New Delhi-headquartered Anand Group's flagship company – Gabriel India – which is a leading supplier of suspension components including over 500 high-precision ride-control products such as shock absorbers, and dampers to two-, three-, four-wheeler, and commercial vehicle OEMs in India and overseas, is looking at its next growth phase after completing more than six decades of operations.

The company which clocked revenues of Rs 2,972 crore in FY23 (FY22: Rs 2,322 crore / +27 percent), is adopting a four-pronged strategy to fulfil its future growth ambitions. While it is bullish on the sustained demand for vehicles in the domestic market, which emerged as the third-largest passenger vehicle market by overtaking Japan last year, Gabriel India is also aiming to grow its exports as global OEMs increasingly consider reducing their dependence on China after Covid-19.

"We have an outlander vision of being amongst the Top 5 shock absorber manufacturers in the world. Our strategy is based on four building blocks – domestic leadership, exports, M&As, and technology – which will help us achieve our goal," Manoj Kolhatkar, Managing Director, Gabriel India said in an exclusive interaction with *Autocar Professional*.

The company is particularly keen to foray into the European passenger vehicle market with its semi-active suspension systems, which are currently being developed with a renewed focus on technology that forms the third enabling ingredient of its growth story. Gabriel India has opened a brand-new technology centre in Europe, and aims to leverage the expertise of its resources to develop these advanced suspension systems, which promise good demand from such mature markets.

"We are looking at a global play with semi-active suspension systems because we believe we will be able to offer a frugally-engineered product that offers high value. Our products are under development and will be ready by FY25. We are currently engaging with customers in the two-wheeler and passenger vehicle segments in Europe and India for the semi-active suspension systems," added Kolhatkar.

With the mega disruption in the global automotive landscape, the suspension systems specialist is also looking to diversify from its core business by virtue of mergers and acquisitions. For instance, earlier this year in May, Gabriel India announced its foray into the sunroof segment for the domestic passenger vehicle market by partnering with Netherlands-based Inalfa Roof Systems.

The company will hold a minority stake in the joint venture – Inalfa Gabriel Sunroof Systems (IGSS) – and is targeting a 12-15 percent annual growth rate in the coming years. While a new 200,000-unit facility



From L to R: Suspension systems being jig tested at Gabriel India's two-wheeler development and test facility in Hosur, while its four-wheeler engineering centre in Chakan is replete with sophisticated test equipment including motion simulators.

Mahindra's XUV700 SUV comes factory-fitted with FSD shock absorbers by Gabriel.



in Chennai is nearing completion, IGSS aims to start supplies to the Hyundai Group (Hyundai and Kia) in India, which is a global customer for Inalfa Roof Systems, from January 2024.

On solid ground, expansions in pipeline

Gabriel India, which has its technologically-advanced and high-on-automation plants in all the key automotive belts of the country, is well placed to cater to the future demand anticipated from India's booming automotive market, which is poised to grow with the strengthening infrastructure, urbanisation, and rising purchasing power of its population. Currently, the company has

six plants – Khandasa (Haryana), Chakan (Maharashtra), Nashik (Maharashtra), Hosur (Tamil Nadu), Sanand (Gujarat), Parwanoo (Himachal Pradesh) and Dewas (Madhya Pradesh) – and is supplying locally manufactured suspension components to key OEMs, across vehicle categories.

While it used to be a big exporter to Volkswagen Russia, and Renault Iran, both revenue streams have recently been closed due to the Russia-Ukraine war. In the domestic market, Gabriel India is a key supplier to brands like Maruti Suzuki India,

– Gabriel powers ahead

ains and exploring new opportunities. **Mayank Dhingra** visits its facilities to witness the action on the ground.



Toyota Kirloskar, Tata Motors, Mahindra & Mahindra, Stellantis, and Skoda-Volkswagen. From its Khandsa, Parwanoo and Chakan units, the company services the passenger vehicle clients, where its market share has grown from being pegged at 20 percent a couple of years ago to over 30 percent by end of FY23.

Anticipating further growth in its volumes, the company has initiated expansion at these two facilities to strengthen capacities for future. While Gabriel India is investing Rs 30 crore in each of the two plants to augment capacities, it is also in the process of setting up an additional footprint to cater to future demand, and eye more growth. The greenfield facility will cater to both passenger vehicles, and two-wheelers, along with some backward integration in terms of being equipped with in-house casting capabilities for front-fork outer tubes. The company says leveraging backward integration will help address scale, as well as remain competitive in a fierce market.

"While we are currently in the phase of land acquisition, the new plant in South India will get commissioned in FY25," revealed Kolhatkar, while adding that this will be Gabriel India's only new suspension facility in more than two decades, after it last commissioned its Sanand plant in CY2000.

Gabriel India is also a major player in the two-wheeler segment, with customers such as TVS, Royal Enfield, Honda Motorcycle & Scooter India, Bajaj Auto and has also

engaged with EV players of the likes of Ather Energy and Ola Electric, among others, to service them from its state-of-the-art facilities in Hosur, Tamil Nadu, and Nashik, Maharashtra. The company holds a lion's share of over 60 percent of the electric two-wheeler market in the country. It is also supplying to Honda Motorcycle & Scooter India from its Sanand plant in Gujarat.

The plant in Dewas, Madhya Pradesh, supplies to the commercial vehicle OEMs with Gabriel India being a dominant player with an almost 90 percent market share in the segment caters to a majority of commercial vehicle players, including the likes of Tata Motors, Ashok Leyland, Volvo Eicher, Force Motors, Daimler India, Isuzu and Mahindra & Mahindra. From this plant, the company is also a global supplier to Netherlands-based DAF, which is part of the Paccar Group, and has deepened its relationship to have started receiving more RFQs from the European CV giant.

Indigenously developing advanced tech

While Gabriel India started its journey by manufacturing suspension components designed by Japanese giants – KYB, and Yamaha Hydraulics - which have global relations with most Japanese passenger vehicle and two-wheeler OEMs, the company has come a long way in gaining know-how and developing competencies to design, prototype, develop, test, and validate suspension systems indigenously. With 75 patents filed, and six granted, Gabriel India's mother technology centre housed within its Chakan premises, as well as its engineering centre in Hosur, speak volumes about the company's evolution in becoming a self-reliant organisation from a technology standpoint.

The recent addition of a European technology centre - Gabriel European Engineering Centre (GEEC) in Belgium further strengthens Gabriel India's position to tap into future growth opportunities. The company's expat CTO, Koen Reybrouck, who comes with over three decades of experience in the suspension domain is leading this innovation centre, which is tasked with the design and development of its semi-active suspension technology. The centre will also coordinate with Gabriel's two engineering centres back home and will co-create future-ready solutions. "While we have an expertise and know-how on suspension products for India, the technology is globally moving in a completely different direction of electronic suspensions. That is why we realised that there is some knowledge lying elsewhere, and we needed to bring it into our fold," said Kolhatkar.

While it has supplied the FSD or frequency-selective damping technology on the suspension of the blockbuster Mahindra XUV700 SUV, the company is now aiming to venture into active- and semi-active suspensions, with initial potential from the European market. "Listening to our customers has been the biggest driver for our technological innovation, and growth. The space of active suspensions is evolving globally, and with



'We have an expertise and know-how on suspension products and are now developing semi-active suspension systems for India and European markets.'

Manoj Kolhatkar
MD, Gabriel India

our expertise on the requirements for the Indian road conditions, we plan to introduce such technologically-advanced solutions for the domestic market as well," he added.

The company undertakes a lot of endurance, performance, and abuse-condition testing of its shock absorbers and dampers at its state-of-the-art technology centres in Hosur and Chakan, where all the deployed equipment is from MTS – the gold standard in suspension testing solutions.

Interestingly, Gabriel India's in-house process engineering team is also helping design and develop customised manufacturing solutions for the company's products. "The technology centre also supports the process, which is a key aspect of manufacturing in the automotive components industry. We have an elaborate process engineering team, which has developed technologies in India at a fraction of the cost compared to what is available globally. While it helps reduce cost, it also enables us to build our own competence," explained Kolhatkar.

A visit to its two facilities – Hosur and Chakan – gives an idea about how they are replete with robotic lines, and automation, for instance, implementation of automation at the valving stage during a damper's manufacturing process. The company is also deploying high-speed production lines to cater to the growing industry demand.

Eyeing new opportunities

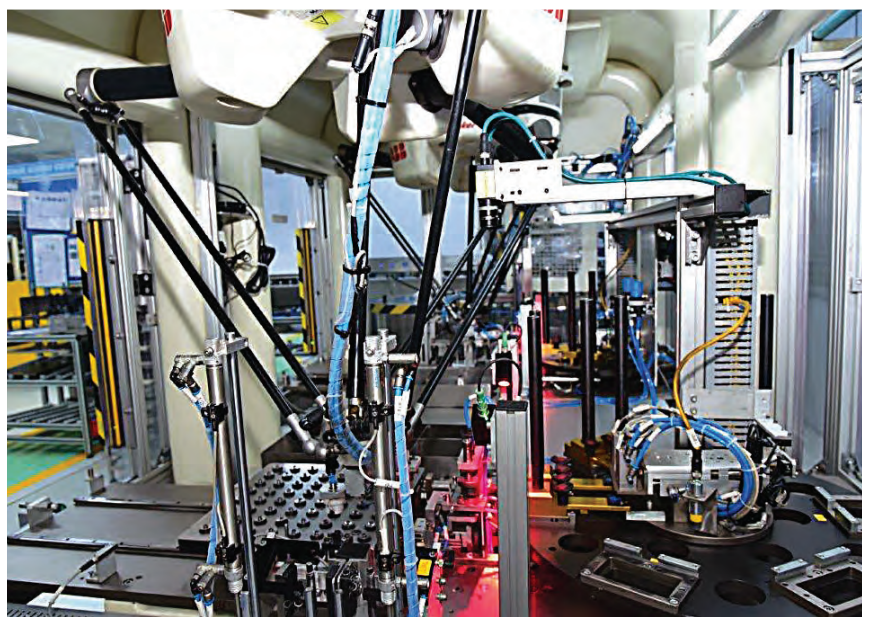
While its core remains in suspension systems, Gabriel India is also looking at some product diversification opportunities to cater to the changing aspirations of customers. "As we were evaluating the potential product lines, we zeroed down upon technology-agnostic products like shock absorbers, but, at the same time, wanted to venture into a space where the value addition is good, perception is high, and the customer positioning is good as well. And that is how we identified sunroofs," said Kolhatkar.

The company is bullish about the premiumisation trend in the Indian automotive market, and confident about the opportunities, given the pace at which the market is maturing. "Higher volumes of feature-rich vehicles clearly reflect the change in the buyer's mindset, and with that the sunroof emerged as the right product for us to tap into the next wave of growth," he added.

"While the company will start supplying the BLTS - bottom-loaded tilt-and-slide sunroofs -to Hyundai Motor India from January 2024 from its upcoming plant in Chennai, it will then supply to a Kia India new model." A lot of interest has also been shown by several OEMs, and we intend to bring more customers, and more business to this alliance with Inalfa Roof Systems that is headed into a joint venture with Gabriel India having a minority stake," said Kolhatkar.

The company says that contrary to suspension components, sunroofs are part of the Class-A Surface of a vehicle, and therefore, must offer high levels of quality. "It is a nice product to have and we have an excellent partner in Inalfa, and we are excited about the growth in this segment," Kolhatkar pointed out.

However, he added, "Sunroof is the first step in our diversification journey and we have clear plans. We are not going to stop here, and are actively scanning for more opportunities for mergers and acquisitions



A high-on-automation manufacturing setup at Gabriel India's facility in Hosur, Tamil Nadu. The company has implemented automation at the valving stage during a damper's production.

Gabriel India is actively scanning for more opportunities for mergers and acquisitions (M&As) in the suspension space and beyond.

(M&As) in the suspension space and beyond. Having said that, we are looking at technology-agnostic parts, or something which is on solid ground, despite the disruption that is underway in the mobility landscape."

With a sure footing in its core product domain where it has gained excellence and a dominating market share, complemented by an aftermarket presence through over 700 distributors, reach in over 30 countries, and a solid brand image, Gabriel India is now eyeing horizontal growth by identifying segments promising high-growth opportunities in the future. The company is not giving up on the ICE space completely, and is confident about India's prospects of being one of the few markets globally that will see the co-existence of ICE and EVs.

"There is a good amount of future left in ICE, and we will be scanning opportunities which continue to offer solid growth potential even in the traditional propulsion technology domain, as there is still solid growth potential with immense scope for Indian suppliers to export to the world," Kolhatkar said. ■

'We are firm believers in the quality of profit'

Manoj Kolhatkar, the Managing Director of Gabriel India, a suspension component specialist talks about the company's global ambitions and more with **Mayank Dhingra**.

AS IT EYES ITS next phase of growth by tapping into advanced technological solutions within its core suspension systems business and diversifying into high-growth products such as sunroofs, Gabriel India is on a mission to transcend into a global automotive supplier whilst keeping a sharp focus on sustainability. Manoj Kolhatkar, Managing Director, Gabriel India, talks about the company's ambitions to rank amongst the Top 5 shock absorber manufacturers in the world, and confidence on the India story.

How has Gabriel India's business evolved over the last 60 years, and what are your future ambitions?

We have come a long way, and achieved close to Rs 3,000 crore revenue in FY23. While the first Rs 1,000 crore took half a century, the next thousand came in eight years.

The race from Rs 2,000 crore to Rs 3,000 crore in annual revenues was a matter of only four years. Therefore, there has been a huge growth acceleration recently, particularly in the last year when we had a 27 percent uptick in the top line.

The more interesting part was that the growth in EBITDA margins was almost 46 percent. The exercise to improve our margins continues, and we have a focused action plan - 'CoRe90' - which

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translates to cost reduction in 90 days. Over the past couple of years, we have been growing ahead of the industry, which itself has grown tremendously, with FY23 being a landmark year, making India the No. 3 passenger vehicle market in the world.

We have an outlier vision of being amongst the Top 5 shock absorber manufacturers in the world. Our strategy is based on four building blocks – domestic leadership, exports, M&As, and technology – which will help us achieve our goal.

How is the company geared in terms of new product development and what are its R&D competencies?

While our average R&D spend has always been in excess



of 1.2-1.5 percent of our topline, we have put an additional push into new product development over the last couple of years.

Our expat CTO who is an expert in suspension systems is now leading our recently-commissioned European technology centre – Gabriel European Engineering Centre (GEEC) in Belgium, where highly-experienced engineers are now working on active and semi-active suspension systems for passenger vehicles.

In addition, we have a highly-competent engineering workforce at our technology centres at Chakan (Maharashtra) and Hosur (Tamil Nadu), where over 70 engineers are developing new products, and have filed more than 75 patents in the suspension domain. The technology centre at Chakan is the best in the country in damper testing with contemporary labs equipped with state-of-the-art equipment from MTS. We also learn from our partners – KYB, Koni, and Yamaha Hydraulics, as well as our customers.

The technology centre in Hosur also supports our manufacturing operations by virtue of an elaborate process engineering team, which has conceptualised and developed several machines and automations being deployed at our shopfloors to cater to our unique requirements. This allows us to be agile and swiftly response to our customers' requirements.

What technology trends could be expected in the space of vehicle suspension systems?

The space of active- and semi-active suspensions is evolving globally and we are looking at a global play with semi-active suspension systems being designed at our technology centres and will be ready by FY25.

We believe we will be able to deliver a frugally-engineered product that offers high value, and we are currently engaging with customers in the two-wheeler and passenger vehicle segments in Europe and India for the semi-active suspension systems.

Having said that, we cannot let go of the passive suspension systems, which will continue to be the mainstay, and that is where we have kicked off a next-generation valve to strengthen our offerings in this space as well. We have an all-disc design for faster and quicker response in terms of suspension damping, and our focus is on passive, as well as semi-active suspension systems for the future.

At Gabriel India, we have also taken a Koni readymade product, which has enabled us to

offer the frequency-selective damping (FSD) capabilities to our customers. The Mahindra XUV700 is equipped with our FSD solution, which is a three-dimensional technology, wherein the suspension not only reacts to the vehicle velocity, but also to the frequencies of the bumps, thereby offering much superior ride comfort. The FSD rides in between the passive, and semi-active suspension, and therefore, is a highly cost-effective solution. We are targeting to offer it to more customers.

Does Gabriel India envisage future capacity expansions to cater to growing market demand?

We are investing Rs 30 crore each in the current financial year at our PV plants in Khandsa (Gurugram) and Chakan (Pune) to augment our capacities. The increased demand, as well as Gabriel India's increased PV market share which has gone up to over 30 percent from being less than 20 percent a couple of years back, has also made us look at an additional footprint in India.

We are looking to set up a new plant that will cater to both passenger vehicles, and two-wheelers, along with a little bit of backward integration with having in-house castings of our two-wheeler front fork outer tubes. There is more scope for backward integration as it helps us address scale, as well as makes us more competitive.

While we are currently in the phase of land acquisition, the new plant in South India will see the start of production in FY25.

Furthermore, we also have a good land bank at our plant in Dewas, Madhya Pradesh, that can be leveraged to cater for growth in our commercial vehicle suspension exports.

We have also commissioned a brand-new paint shop in this facility, and are further expanding to do some backward integration.

What is Gabriel India's diversification strategy? What is the ideology behind the recent foray into sunroofs?

While we have always stuck to our core, and excelled in the suspension domain, we have been eyeing product diversification opportunities to cater to the changing aspirations of the Indian consumer. Therefore, we zeroed upon a technology-agnostic and high-value product like



With a strong foundation in the area of suspension components for vehicles across categories, Gabriel India is now diversifying into high-value products such as sunroofs, which are witnessing a robust uptick owing to the premiumisation trend in the passenger vehicle market.

the sunroof, which emerged as the right product for us to tap into the next wave of growth.

We have an excellent partner in the Netherlands-based Inalfa Roof Systems, and we are excited about the 12-15 percent annual growth potential of this segment.

While we have always stayed connected to the ground, we are now opening the skies. The upcoming 200,000-unit Inalfa Gabriel Sunroof Systems (IGSS) plant in Chennai is nearing completion, and we aim to start supplying to the Hyundai Group in India from January 2024, before adding more customers.

Having said that, sunroof is the first step in our diversification journey and we are actively scanning for more opportunities for M&As in the suspension space and beyond. We are looking at either technology-agnostic products or something which remains on solid ground despite the undergoing disruption in the mobility landscape. There are a lot of high-growth segments both in ICE and EVs, and we are hopeful of another M&A in FY25.

What is Gabriel India's growth outlook for FY24, and what is the company's sustainability roadmap?

FY24 has been a good year so far with all vehicle categories showing good performance in the first quarter. There continues to be a robust order book across OEMs, and we do not see any rub-off effect of anticipated slowdowns in other parts of the world.

While the two-wheeler segment was going through a rough phase, the sentiments are far better in the current financial year, owing to a good monsoon, and higher demand from rural India.

The government's infrastructure push, and several enabling policies have helped India's automotive story, and the focus on safety norms is further allowing qualitative growth of the Indian automotive sector across all its vehicle categories. The industry is likely to grow in the 8-10 percent range in FY24, and our endeavour will be to better that growth.

While businesses must focus on profit, we are firm believers in the quality of profit. In this regard, we have defined a detailed sustainability roadmap, wherein we are targeting to be water- and carbon-neutral by CY2025, and are taking host of actions such as installing solar panels, and tying up with players such as Tata Solar to increase our consumption of renewable energy, which presently stands at 20 percent.

Our decision making for capex puts sustainability at the core, and any new machinery installation is evaluated from a sustainability perspective. We strive to leave a better planet for our future generations. ■