

Fax(022)22723354/3577-BSE,(022)26598237/238-NSE No. of Pages:1(One)

GIL/SEC/STE/1

August 12, 2015

Bombay Stock Exchange Limited
25th Floor, P.J.Towers,
Dalal Street,
Mumbai-400001
(Company Code:505714)

National Stock Exchange of India Limited
Exchange Plaza,Bandra Kurla Complex
Bandra (E)
Mumbai-400052
(Company Code:GABRIEL)

Subject: Revision in Credit rating

Dear Sir,


In accordance with Clause 36(6) of the listing agreement. Please be informed that the CRISIL has upgraded the credit ratings of the long-term Bank facilities, short-term Bank facilities, fixed deposits and Commercial Paper of Gabriel India Limited (GIL) as following:

	From	To	
Long-term facility rating	CRISIL A+/Positive	CRISIL AA-	Stable
Short-term facility rating	CRISIL A1	CRISIL A1+	Stable
Fixed Deposits	CRISIL FAA- /Positive	FAA	Stable
Commercial Paper	CRISIL A1	CRISIL A1+	Stable

We request you to kindly take it on record.

Thanking You

Yours faithfully,
For **Gabriel India Limited**


Pranvesh Tripathi
Company Secretary
Encl: As Above

**Rating Rationale
Gabriel India Limited**

Total Bank Loan Facilities Rated	Rs.1000.0 Million
Long-Term Rating	CRISIL AA-/Stable (Upgraded from 'CRISIL A+/Positive)
Short-Term Rating	CRISIL A1+ (Upgraded from 'CRISIL A1')
<i>(Refer to Annexure 1 for facility details)</i>	
Rs.300 Million Fixed Deposits (Enhanced from Rs.200 Million)	FAA/ Stable (Upgraded from 'CRISIL FAA- /Positive)
Rs.200 Million Commercial Paper	CRISIL A1+ (Upgraded from 'CRISIL A1')

CRISIL has upgraded its rating on the bank facilities and debt programme of Gabriel India Limited (GIL) to 'CRISIL AA-/FAA/Stable/CRISIL A1+' from 'CRISIL A+/FAA-/Positive/CRISIL A1'.

The rating upgrade reflects CRISIL's belief that GIL will sustain its improved business risk profile over the medium term, supported by its healthy revenue diversity, improving scale of operations, and stable cash accruals. Complementing GIL's market position as the second-largest player in the domestic automotive (auto) suspension market, is its presence across various customer segments (original equipment manufacturers [OEMs], aftermarket, and exports) and across all the sub-segments within the OEM space (two-wheelers, passenger cars, and commercial vehicles). This diversity has enabled GIL to ensure stability in its revenues despite the inherent cyclicity associated with demand from auto OEMs; GIL registered a healthy compounded annual growth rate of around 15 per cent in its revenues during the five-year period ended 2014-15 (refers to financial year, April 1 to March 31). The company's cash accruals also registered similar growth over this period, benefitting from relatively stable profitability and consistent reduction in debt levels. Furthermore, GIL's financial risk profile has continued to strengthen over the last two years, with adjusted debt reducing to Rs.210 million as on March 31, 2015, as compared to over Rs.1 billion as on March 31, 2013.

The above rating strengths are partially offset by the moderate susceptibility of the GIL's operating profitability to pricing pressures from its peers and automotive OEMs.

In addition to its diversified business risk profile, GIL benefits from its long-standing technical tie-ups with global players, including Yamaha Motor Hydraulic Systems Co, KONI B. V. and KYB Japan. As shock absorbers are safety-critical products, these technical tie-ups enhance GIL's product development capabilities. Over the five years through 2014-15, the company's financial risk profile has improved steadily, supported by stable operational cash flows, prudent working capital management, reduced exposure to group companies, and moderate capital expenditure (capex). Its gearing was less than 0.1 times as on March 31, 2015, as against over 1 time as on March 31, 2011; consequently, its debt protection metrics were also strong. In the absence of any major capex plan by the company, CRISIL believes that GIL will sustain its healthy financial risk profile over the

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medium term. Furthermore, CRISIL believes that GIL's exposure to its group companies will remain minimal in future; as of March 31, 2015, GIL had advanced Rs.123 million to other Anand group companies.

While GIL has undertaken several productivity improvement and cost reduction initiatives to control costs, the company's operating profitability remains susceptible to increasing competition in the auto components segment and pricing pressures from auto OEMs. CRISIL believes that GIL's operating profitability will remain moderate at 8 to 9 per cent over the medium term.

Outlook: Stable

CRISIL believes that GIL's business risk profile will remain supported over the medium term by its strong market position and diversified client base. CRISIL also believes that GIL will maintain its financial risk profile, supported by healthy cash generation, moderate capex, and build-up of liquid surplus over this period. The outlook may be revised to 'Positive' if GIL strengthens its market position further, leading to significantly greater-than-expected growth in GIL's revenues and cash accruals. Conversely, the outlook may be revised to 'Negative' if the company's revenue growth and profitability weaken significantly, impacting its cash generation; or if it undertakes substantial debt-funded capex or acquisitions; or extends sizeable financial support to its group companies.

About the Company

GIL was set up by GIL Ride Products and Mr. D C Anand in 1961; the company manufactures ride-control products. It has manufacturing facilities in Dewas (Madhya Pradesh), Khandsa (Haryana), Hosur (Tamil Nadu), Parwanoo (Himachal Pradesh), Sanand (Gujarat), and Nashik and Pune (Maharashtra). The company has manufacturing capacity of 24 million units of shock absorbers and struts, and 2.7 million front forks per annum.

GIL's clientele includes leading auto OEMs such as Tata Motors Ltd (rated 'CRISIL AA/Stable/CRISIL A1+'), Ashok Leyland Ltd, Mahindra & Mahindra Ltd (rated 'CRISIL AAA/Stable/CRISIL A1+'), TVS Motor Company Ltd, Hyundai Motor India Ltd (rated 'CRISIL A1+'), Maruti Suzuki India Ltd (rated 'CRISIL AAA/Stable/CRISIL A1+'), and Bajaj Auto Ltd (rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+').

For 2014-15, GIL reported a profit after tax (PAT) of Rs.583.9 million on net sales of Rs.14.29 billion, as against a PAT of Rs. 425.99 million on net sales of Rs.12.75 billion for the previous year.



Annexure 1 - Details of Bank Facilities

Current Facilities			Previous Facilities		
Facility	Amount (Rs. Million)	Rating	Facility	Amount (Rs. Million)	Rating
Cash Credit*	520	CRISIL AA- /Stable	Cash Credit*	520	CRISIL A+/Positive
Letter of Credit#	480	CRISIL A1+	Letter of Credit#	480	CRISIL A1
Total	1000	--	Total	1000	--

* Interchangeable with buyer's credit

Interchangeable with bank guarantee

