Gabriel India Ltd.

ISIN :INE524A01029 | NSE :GABRIEL

Price: 547
Recommendation: Buy
Industry: Auto Components
Sector: Consumer Discretionary
Report Date: 05-May-2025

Gabriel India Limited, a leading manufacturer of automotive suspension systems, drives innovation through strategic acquisitions, technology partnerships, and product diversification. With a robust portfolio including shock absorbers, front struts, gas springs, and sunroofs, Gabriel focuses on operational efficiency, localization, and expanding its footprint in EVs, exports, and emerging markets.

Sales		Profit & Loss		Profitability Matrix	
Current Year	3571 Cr	Operating Profit(Year)	313 Cr	Operating Profit Margin	8.77 %
Previous Year	2972 Cr	Operating Profit(Quarter)	78.4 Cr	EBITDA Margin	8.68 %
Current Quarter	924 Cr	PAT (Year)	184 Cr	Net Profit Margin	5.50 %
Previous Quarter	924 Cr	PAT (Quarter)	54.0 Cr	EPS	14.7
Revenue (QYoY)	814 Cr				
Valuation Matrix		**Growth(YoY)**		**Growth(QoQ)**	
Trailing P/E	37.3	Sales Growth	10.9 %	Sales Growth	0.0 %
PEG Ratio	2.64	PAT Growth	39.39 %	Sales Growth QYoY	13.51 %
EV/EBITDA	22.7	EPS Growth	13.95 %	PAT Growth	2.47 %
P/B	7.34	Dividend Yield	0.75	PAT Growth QYoY	25.58 %
Capital Allocation		**Holdings**		**Leverage**	
RoE	19.6 %	Promoter	55.0 %	Debt/Equity	0.01
RoA	12.1 %	FII	5.23 %	Debt	9.44 Cr
RoCE	26.7 %	DII	14.7 %	Market Cap	7854 Cr
RoIC	22.9 %	Public	25.1 %	Enterprise value	7819 Cr
		No of Shares	14.4 Cr	Cash Equivalents	44.6 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

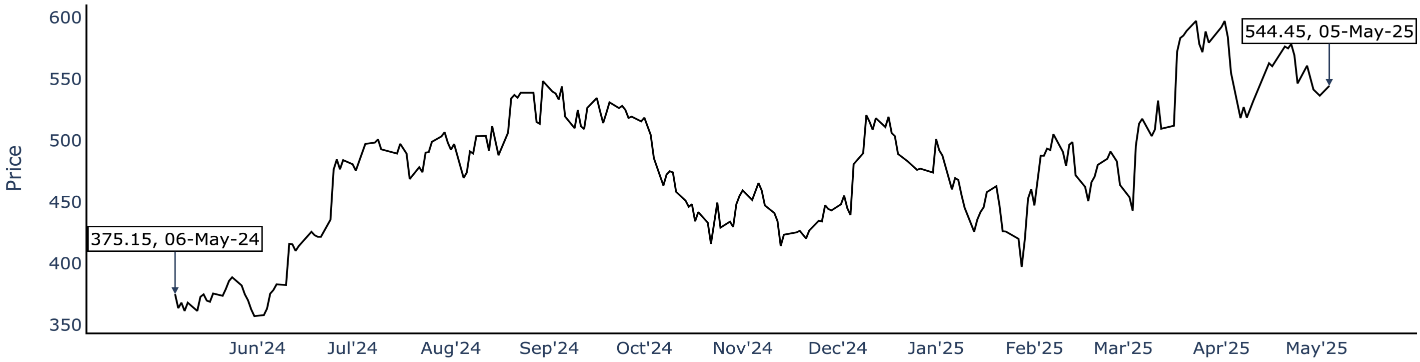
Gabriel India Limited's Q3 FY25 earnings call highlighted several strategic initiatives and growth-oriented moves. A key development was the acquisition of assets from Motherson Marelli Auto Suspension Parts Private Limited (MMAS), a Pune-based joint venture specializing in shock absorbers, front struts, and gas springs. This acquisition expands Gabriel's product portfolio, introduces gas springs as a new product line, and adds significant production capacity—3.2 million shock absorbers and 1 million gas spring units annually. The company also entered a technology assistance agreement with Marelli Suspension Systems Italy to enhance advanced suspension offerings, aligning with future OEM requirements. These initiatives underscore Gabriel's focus on strengthening its position in the suspension market and leveraging synergies to drive operational efficiency and profitability.

The company reported a 14% year-on-year growth in standalone operating revenue, reaching 924 crores, driven by higher volumes in the two-wheeler and passenger vehicle segments. The sunroof business, managed under Inalfa Gabriel Sunroof Systems, achieved revenue of 92 crores with PAT margins at 6.7%, supported by rising demand and new vehicle launches. Gabriel plans to double sunroof production capacity by the end of CY25 to meet growing customer demand, targeting revenues of 800-1,000 crores in five years. Additionally, Gabriel is actively pursuing new business opportunities with OEMs like Hyundai, Kia, and others, while maintaining a steady focus on localization and competitive pricing to sustain margins in the range of 12-14%.

Future growth perspectives remain robust, with Gabriel aiming to outperform industry growth in the two-wheeler and passenger vehicle segments. The company is leveraging new order wins from key customers like Bajaj, TVS, and Yamaha, alongside expanding its footprint in the EV segment, where it holds a dominant market share. Gabriel is also exploring opportunities in the e-bike market in Europe, supported by dedicated R&D; efforts and customer engagement. Export revenues are targeted to reach 10% of total revenue, with promising traction in Latin America and new opportunities arising from the MMAS acquisition. The company remains committed to scaling its operations while maintaining a balanced product mix and operational efficiency.

Gabriel's strategic focus on M&A;, technology enhancement, and diversification is evident in its initiatives. The company is actively pursuing inorganic growth opportunities, with ongoing discussions for further acquisitions. Its vision includes expanding into new product categories, such as industrial products and e-bikes, while strengthening its core suspension business. Gabriel's emphasis on operational leverage, cost optimization, and customer-centric innovation positions it well for sustainable growth. The management's proactive approach, coupled with strong execution capabilities, reflects confidence in achieving double-digit margins and scaling revenues across segments in the coming years.

GABRIEL Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Samvardh. Mothe.	97734.12	23.73	11.80%	-0.52%	7.89%	-0.13%	61.97%
Bosch	89351.03	44.14	15.97%	1.62%	6.19%	-1.39%	4.33%
Gabriel India	7853.72	37.31	19.58%	0.02%	13.56%	2.43%	25.63%
Uno Minda	52455.61	55.67	18.89%	-1.43%	18.77%	-2.79%	20.21%
Sona BLW Precis.	31670.32	51.54	15.08%	-0.36%	-2.19%	6.91%	11.86%

Aspect	Commentary
Revenue	Revenue grew 20% YoY to Rs.3571 Cr, driven by higher volumes in two-wheeler and passenger vehicle segments. Quarterly revenue remained flat at Rs.924 Cr, indicating stable demand. Sunroof business contributed Rs.92 Cr, with plans to double production capacity by CY25 to meet rising demand.
Profit & Loss	Operating profit for the year stood at Rs.313 Cr, reflecting an 8.77% margin. PAT grew 39.39% YoY to Rs.184 Cr, supported by cost optimization and higher volumes. Quarterly PAT was Rs.54 Cr, with EPS at Rs.14.7, showcasing consistent profitability.
Profitability Matrix	Operating profit margin at 8.77% and EBITDA margin at 8.68% highlight operational efficiency. Net profit margin of 5.50% reflects Gabriel's ability to sustain profitability despite competitive pricing pressures in the auto components sector.
Valuation Matrix	Trailing P/E of 37.3 and EV/EBITDA of 22.7 suggest premium valuation, supported by strong growth prospects. PEG ratio of 2.64 indicates balanced growth relative to earnings. Dividend yield of 0.75% provides moderate shareholder returns.
Growth (YoY)	Sales grew 10.9% YoY, driven by higher volumes and new product launches. PAT growth of 39.39% YoY reflects improved operational efficiency and cost optimization. EPS growth of 13.95% highlights Gabriel's ability to enhance shareholder value.
Growth (QoQ)	Quarterly sales growth was flat at 0%, indicating stable demand. PAT grew 2.47% QoQ, supported by operational efficiency. QYoY sales growth of 13.51% and PAT growth of 25.58% highlight Gabriel's ability to capitalize on market opportunities.
Capital Allocation	RoE of 19.6% and RoCE of 26.7% reflect efficient capital utilization. RoIC at 22.9% underscores Gabriel's ability to generate returns from invested capital. Cash equivalents of Rs.44.6 Cr provide liquidity for future growth initiatives.
Holdings	Promoter holding at 55% ensures stability, while FII and DII holdings at 5.23% and 14.7% reflect institutional confidence. Public holding at 25.1% indicates balanced ownership. Market cap of Rs.7854 Cr highlights Gabriel's strong market position.
Leverage	Debt/equity ratio of 0.01 and total debt of Rs.9.44 Cr reflect Gabriel's conservative leverage strategy. Enterprise value of Rs.7819 Cr underscores strong valuation. Low debt levels provide flexibility for future growth and acquisitions.

Analyst viewpoint: Gabriel India Ltd. demonstrates strong growth potential in the short to mid-term, supported by robust financial performance and strategic initiatives. The company reported a 14% YoY growth in standalone operating revenue, driven by higher volumes in the two-wheeler and passenger vehicle segments, alongside a 25.58% PAT growth QYoY, reflecting operational efficiency and cost optimization. Recent acquisitions, such as MMAS, have expanded its product portfolio and production capacity, while technology partnerships with Marelli Suspension Systems Italy enhance its advanced suspension offerings. Gabriel's focus on localization, competitive pricing, and diversification into EVs and exports positions it well to outperform industry growth. The sunroof business, with plans to double production capacity by CY25, further underscores its commitment to scaling revenues across segments. With a RoE of 19.6% and RoCE of 26.7%, Gabriel showcases efficient capital utilization, while its low debt levels provide flexibility for future growth.

Valuation metrics, including a trailing P/E of 37.3 and EV/EBITDA of 22.7, reflect premium pricing supported by strong growth prospects. Gabriel's ability to sustain profitability, with operating profit margins at 8.77% and EBITDA margins at 8.68%, highlights its resilience in a competitive auto components sector. Peer comparison reveals Gabriel's superior PAT growth QYoY and RoIC of 22.9%, indicating its ability to generate returns from invested capital. While quarterly sales growth remained flat, stable demand and new order wins from OEMs like Bajaj, TVS, and Hyundai provide confidence in future growth. A mild concern is the relatively high valuation compared to peers, which may limit upside in the long term. However, Gabriel's proactive management, strategic focus on M&A;, and diversification efforts position it as a compelling buy for short to mid-term investors.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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