

Price: 515

Recommendation: Buy

Industry: Auto Components

Sector: Consumer Discretionary

Report Date: 13-Mar-2025

Gabriel India Limited is strategically enhancing its market position through key acquisitions and technological advancements. The acquisition of Motherson Marelli Auto Suspension Parts boosts its suspension market capabilities, adding 3.2 million shock absorbers and 1 million gas spring units. With a focus on exports, M&A, and technology, Gabriel aims to diversify its product range, including e-bikes, and double sunroof production by 2025, targeting 10% export revenue.

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	35.2	Sales Growth	10.9 %	Sales Growth	0.0 %
PEG Ratio	2.50	PAT Growth	39.39 %	Sales Growth QYoY	13.51 %
EV/EBITDA	21.4	EPS Growth	13.95 %	PAT Growth	2.47 %
P/B	6.91	Dividend Yield	0.76	PAT Growth QYoY	25.58 %
Capital Allocation		Holdings		Leverage	
RoE	19.6 %	Promoter	55.0 %	Debt/Equity	0.01
RoA	12.1 %	FII	5.33 %	Debt	9.44 Cr
RoCE	26.7 %	DII	13.5 %	Market Cap	7403 Cr
RoIC	22.9 %	Public	26.2 %	Enterprise value	7368 Cr
		No of Shares	14.4 Cr	Cash Equivalents	44.6 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

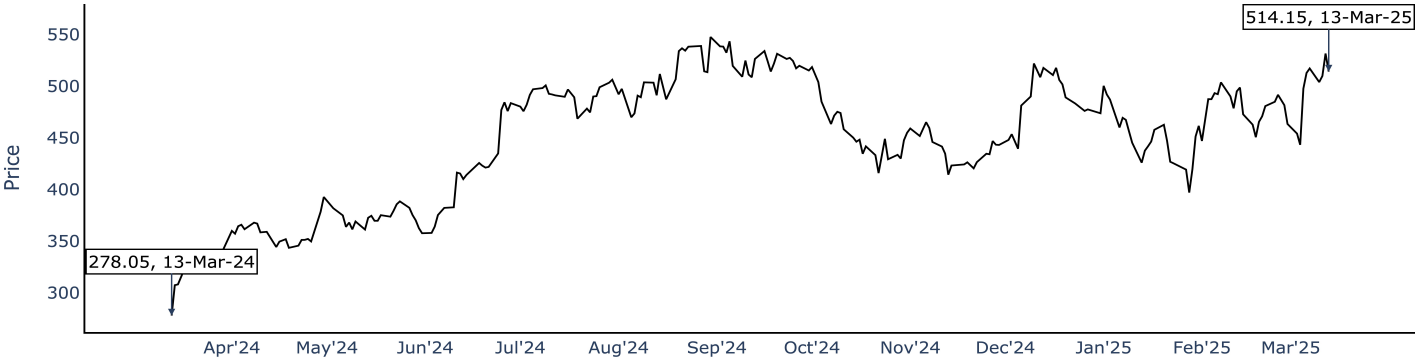
Gabriel India Limited's recent earnings call highlighted several strategic initiatives and business strategies aimed at enhancing its market position and growth trajectory. A significant move was the acquisition of assets from Motherson Marelli Auto Suspension Parts Private Limited (MMAS), which is expected to bolster Gabriel's capabilities in the suspension market. This acquisition not only expands their product portfolio with an additional capacity of 3.2 million shock absorbers and 1 million gas spring units but also introduces a new product line in gas springs. Furthermore, Gabriel has entered into a technology assistance agreement with Marelli Suspension Systems Italy to advance its suspension offerings for future OEM requirements. This strategic acquisition is seen as a step towards improving Gabriel's position in the market and driving growth.

The company is also focusing on diversifying its product range and enhancing its technological capabilities. The management emphasized the importance of exports, mergers and acquisitions (M&A), and technology as the four pillars of their strategic vision. They are actively working on speeding up acquisitions on the export side and bridging technology gaps. The company is exploring opportunities in different product ranges, including e-bikes and industrial products, to achieve a better mix in terms of customer, market, and segment profile. This approach is expected to enhance Gabriel's competitive edge and market share in the coming years.

Looking ahead, Gabriel India Limited is optimistic about its future growth and scaling prospects. The company plans to double its sunroof production capacity by the end of 2025 to meet growing customer demands. The sunroof business has shown strong demand, driven by rising volumes and customer preference for sunroof products. Additionally, the company is targeting a 10% export of total revenue, with efforts to improve export opportunities through recent acquisitions. The management is confident in achieving double-digit margins in the standalone business by FY '26, despite some challenges posed by recent acquisitions.

While the company has made significant strides, there are areas for improvement. The net working capital cycle has increased, attributed to inventory build-up due to the holiday season in China. The management aims to stabilize this in the range of 21-22 days. Additionally, the company is aware of the competitive landscape in the sunroof business and is working to maintain sustainable margins. Overall, Gabriel India Limited is well-positioned for growth, with a clear strategic vision and a focus on expanding its product offerings and market reach.

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.	86476.02	21.01	11.80%	-0.52%	7.89%	-0.13%	61.97%
Bosch	78217.13	38.66	15.97%	1.62%	6.19%	-1.39%	4.33%
Gabriel India	7403.41	35.23	19.58%	0.02%	13.56%	2.43%	25.63%
Uno Minda	50807.77	54.00	18.89%	-1.43%	18.77%	-2.79%	20.21%
Sona BLW Precis.	30681.79	51.44	20.91%	-5.89%	11.01%	2.06%	16.75%

Aspect	Commentary
Revenue	The company shows a robust revenue increase, with a significant year-over-year growth, indicating strong market demand and effective sales strategies. The consistent quarterly revenue suggests stability in operations and market presence, reflecting positively on the company's ability to maintain its revenue streams.
Profit & Loss	The profit and loss statement reveals a healthy operating profit and net profit, showcasing efficient cost management and strong revenue generation. The year-over-year growth in profit indicates improved operational efficiency and profitability, enhancing the company's financial health and shareholder value.
Profitability Matrix	The profitability matrix highlights strong operating and net profit margins, indicating effective cost control and pricing strategies. The EPS reflects solid earnings performance, contributing to shareholder value. These metrics suggest a well-managed company with a focus on profitability.
Valuation Matrix	The valuation metrics, including a high P/E ratio and PEG ratio, suggest market confidence in the company's growth prospects. The EV/EBITDA and P/B ratios indicate a premium valuation, reflecting investor optimism about future earnings potential and the company's strategic positioning.
Growth (YoY)	Year-over-year growth metrics show impressive sales and profit growth, indicating successful business strategies and market expansion. The EPS growth further underscores the company's ability to enhance shareholder value through effective earnings management and strategic initiatives.
Growth (QoQ)	Quarter-over-quarter growth metrics reveal stable sales with slight profit growth, suggesting consistent operational performance. The QYoY growth in sales and profit highlights the company's ability to sustain growth momentum, reflecting positively on its strategic execution and market adaptability.
Capital Allocation	The capital allocation metrics demonstrate strong returns on equity, assets, and capital employed, indicating efficient use of resources and effective capital management. These metrics reflect the company's ability to generate value from its investments and strategic initiatives.
Holdings	The holdings data shows a balanced ownership structure with significant promoter holding, indicating confidence in the company's prospects. The presence of institutional investors suggests market trust and potential for future growth, enhancing the company's credibility and market perception.
Leverage	The leverage metrics indicate a low debt-to-equity ratio, reflecting prudent financial management and a strong balance sheet. The minimal debt levels suggest financial stability and flexibility, enabling the company to pursue growth opportunities without significant financial constraints.

Analyst viewpoint: Gabriel India Ltd. demonstrates a strong growth trajectory in its core business with significant QoQ metrics, driven by strategic acquisitions and a diversified product line. The company's recent acquisition of Motherson Marelli Auto Suspension Parts enhances its market position, expanding their capabilities in suspension systems, which aligns with their commitment to innovation and market expansion. With a focus on expanding exports and technological advancements, Gabriel is poised to improve its product offerings and capture significant market share in the rapidly evolving automotive sector. The valuation metrics indicate a favorable market perception, with robust P/E ratios and an efficient capital allocation strategy that underscores investor confidence in its growth potential.

In the competitive landscape, Gabriel maintains a stronghold due to its strategic initiatives, evidenced by improved quarterly sales and profit growth, signaling operational excellence and market adaptability. This competitive edge is further strengthened by Gabriel's commitment to double sunroof production and targeting a strategic export revenue increase, reflecting a well-positioned strategy for market penetration. However, it is noteworthy that the company has experienced a slight challenge with its net working capital cycle, mainly due to inventory build-ups, which management aims to optimize. With these strategic initiatives, Gabriel is well-equipped to navigate the short to mid-term financial landscape effectively.

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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