

Price: 597

Recommendation: Buy

Industry: Auto Components

Sector: Consumer Discretionary

Report Date: 02-Apr-2025

Gabriel India Limited is enhancing its market position through strategic initiatives, including acquiring assets from Motherson Marelli Auto Suspension Parts, boosting its suspension capabilities. The company focuses on domestic dominance, exports, M&A, and technology advancement. Plans include doubling sunroof production by 2025 and targeting 10% export revenue. Despite challenges in the EV sector and sunroof competition, Gabriel India is poised for growth with strong customer relationships and technological advancements.

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	40.7	Sales Growth	10.9 %	Sales Growth	0.0 %
PEG Ratio	2.89	PAT Growth	39.39 %	Sales Growth QYoY	13.51 %
EV/EBITDA	24.8	EPS Growth	13.95 %	PAT Growth	2.47 %
P/B	7.97	Dividend Yield	0.71	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	8577 Cr
RoIC	22.9 %	Public	26.2 %	Enterprise value	8542 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 has recently undertaken significant strategic initiatives to bolster its market position and expand its product offerings. The company has acquired assets from Motherson Marelli Auto Suspension Parts Private Limited, enhancing its capabilities in the suspension market. This acquisition adds a new product line of gas springs and increases the production capacity by 3.2 million shock absorbers and 1 million gas spring units. Additionally, Gabriel India has entered into a technology assistance agreement with Marelli Suspension Systems Italy to advance its suspension offerings for future OEM requirements. These moves are expected to drive the company's growth trajectory and improve its market position.

The company's business strategies focus on four pillars: domestic dominance, export focus, mergers and acquisitions (M&A), and technology advancement. Gabriel India is actively working on speeding up acquisitions to enhance its export mix and bridge technology gaps. The company is also exploring synergies in the suspension segment and considering diversification into different product ranges, such as e-bikes and industrial products. This strategic focus aims to improve the company's product mix and market segment profile, ensuring a better resource allocation to expedite growth initiatives.

Looking ahead, Gabriel India is optimistic about its future growth and scaling prospects. The company plans to double its sunroof production capacity by the end of the calendar year 2025 to meet growing customer demands. The sunroof business has experienced strong demand, driven by rising volumes and customer preference for sunroof products. The company is also targeting a 10% export revenue contribution, with ongoing efforts to improve export opportunities and explore new markets. Gabriel India's focus on technology and product development, particularly in the e-bike segment, is expected to yield positive results, with the team actively working with multiple customers in Europe.

While the company's strategic initiatives and growth prospects are promising, there are areas for improvement. The competitive landscape in the sunroof business is intensifying, which may impact margins and return on capital employed (ROCE) in the long run. Additionally, the transition phase in the electric vehicle (EV) industry, with changes in subsidy programs, poses challenges to maintaining growth momentum. However, Gabriel India's proactive approach to addressing these challenges, coupled with its strong business pipeline and customer relationships, positions it well for continued success. The company's ability to leverage its recent acquisitions and technological advancements will be crucial in sustaining its growth trajectory and achieving its strategic objectives.

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.	93055.02	22.54	11.80%	-0.52%	7.89%	-0.13%	61.97%
Gabriel India	8577.00	40.72	19.58%	0.02%	13.56%	2.43%	25.63%
Bosch	82630.87	40.84	15.97%	1.62%	6.19%	-1.39%	4.33%
Uno Minda	50526.44	53.60	18.89%	-1.43%	18.77%	-2.79%	20.21%
Exide Inds.	31586.00	39.78	7.05%	-9.74%	0.93%	-32.20%	-21.69%

Aspect	Commentary
Revenue	The company shows a robust revenue increase, with a year-on-year growth of 10.9%, indicating strong market demand and effective sales strategies. The quarter-on-quarter revenue remains stable, suggesting consistent performance. This stability is crucial for maintaining investor confidence and planning future expansions.
Profit & Loss	Operating profit and PAT have shown significant growth, with PAT increasing by 39.39% year-on-year. This indicates effective cost management and operational efficiency. The quarterly figures also reflect a positive trend, supporting the company's profitability and financial health.
Profitability Matrix	The company maintains healthy profitability margins, with an operating profit margin of 8.77% and a net profit margin of 5.50%. These figures suggest efficient cost control and pricing strategies, contributing to sustainable financial performance and shareholder value.
Valuation Matrix	The valuation metrics, including a trailing P/E of 40.7 and a PEG ratio of 2.89, suggest the company is valued at a premium, reflecting investor confidence in its growth prospects. The EV/EBITDA ratio of 24.8 indicates a strong market position and potential for future earnings growth.
Growth (YoY)	Year-on-year growth metrics are strong, with sales growth at 10.9% and PAT growth at 39.39%. This reflects the company's successful expansion strategies and market penetration, positioning it well for continued growth and competitive advantage in its industry.
Growth (QoQ)	Quarter-on-quarter growth is modest, with sales growth at 0.0% but PAT growth at 2.47%. This indicates stable revenue streams with slight improvements in profitability, suggesting effective cost management and operational efficiencies in the short term.
Capital Allocation	The company demonstrates strong capital allocation with a RoE of 19.6% and RoCE of 26.7%, indicating efficient use of equity and capital employed. This reflects the company's ability to generate returns on investments, enhancing shareholder value and financial stability.
Holdings	The promoter holding is strong at 55.0%, indicating confidence in the company's future. Institutional holdings are also significant, suggesting trust from financial institutions. The public holding of 26.2% provides liquidity and market interest, supporting stock performance.
Leverage	The company maintains a low debt-to-equity ratio of 0.01, indicating minimal leverage and financial risk. This conservative approach to debt management enhances financial stability and flexibility, allowing for strategic investments and growth opportunities without significant risk.

Analyst viewpoint: Gabriel India Limited presents an attractive investment opportunity with a strong outlook based on recent financial and strategic metrics. The company's impressive growth trajectory is evident with a 10.9% YoY increase in sales and a remarkable PAT growth of 39.39%, underscoring the effectiveness of its business strategies and market penetration. This solid performance, along with healthy profitability metrics, positions the company well for continued expansion in the short to mid-term. Furthermore, Gabriel's recent strategic acquisitions, particularly in enhancing its suspension capabilities through the acquisition of assets from Motherson Marelli, bolster its market dominance and technology advancement. The company's robust capital allocation, evidenced by a RoE of 19.6% and a minimal debt-to-equity ratio of 0.01, reflects strong financial stewardship and positions it for sustained growth.

Looking ahead, Gabriel's ambitious plans to double sunroof production capacity by 2025 and target a 10% export revenue ensure a positive growth outlook. The strategic focus on technology and product development, particularly in the emerging e-bike segment, provides an avenue for diversifying revenue streams and enhancing market presence. While the competitive landscape, especially in the sunroof business, may pose minor margin pressures, Gabriel's strategic initiatives, robust pipeline, and strong customer relationships are poised to capitalize on growth opportunities effectively. The company's proactive approach and strategic execution instill confidence in its capacity to navigate market challenges and enhance shareholder value in the forthcoming quarters.

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com