




Gabriel India Ltd.

Sector: Automobiles

07th February 2025
SELL

Key Changes	Target 	Rating 	Earnings 	Target	Rs. 445		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 492
Small Cap	GABR:IN	78,058	GABRIEL	505714	12 Months	Return	-10%

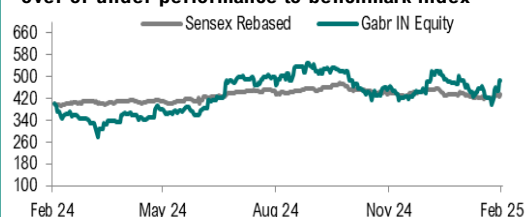
Data as of: 06-02-2025

Company Data	
Market Cap (Rs.cr)	7,069
52 Week High - Low (Rs.)	559-272
Enterprise Value (Rs.cr)	7,035
Outstanding Shares (cr)	14.4
Free Float (%)	45
Dividend Yield	0.9%
6m average volume (cr)	0.04
Beta	1.3
Face value Rs.	1

Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	55.0	55.0	55.0
FII's	4.9	5.5	5.3
MFs/Insti	12.1	12.9	13.5
Public	28.0	26.6	26.2
Total	100.0	100.0	100.0
Promotor pledge (%)	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	10.0%	-2.3%	23.0%
Absolute Sensex	-1.7%	-2.0%	8.2%
Relative Return*	11.7%	-0.3%	14.8%

*over or under performance to benchmark index



Standalone (cr)	FY25E	FY26E	FY27E
Sales	3,686	4,126	4,695
Growth (%)	10.3	11.9	13.8
EBITDA	321	363	408
EBITDA Margin (%)	8.7	8.8	8.7
Adj. PAT	217	245	279
Growth (%)	17.0	13.1	13.9
Adj. EPS	15.1	17.1	19.4
Growth (%)	17.0	13.1	13.9
P/E	20.7	18.3	16.1
P/B	3.6	3.1	2.6
EV/EBITDA	14.0	12.3	11.0
ROE (%)	19.1	18.3	17.7
D/E	0.0	0.0	0.0

Author: Saji John - Sr. Research Analyst

Near term headwinds to impact valuation.

Gabriel India Ltd. (GIL) is one of the leading manufacturers and is engaged in producing ride control products, which include shock absorbers, struts, and front forks in every automotive segment.

- We expect the EV order book to be normal for the year due to the reduction in the subsidy and high scrutiny by the government to avail the PLI benefit. In addition weakness in Europe likely to continue for a longer period.
- EV sales now comprise around 9% of total sales, up from 3% last year. With a dominant market share of over 60% in the EV sector, the company serves all major models, including OLA, Ather, TVS, Ampere, and Okinawa.
- In Q3FY25, revenue grew by 7% YoY due to superior product mix and price hikes, driven by consistent growth in the OEMs sales and order win in the export market.
- EBITDA margin came below our expectation, due to commodity price increase and employee cost, while PAT grew by 12% respectively.
- The partnership with Inalfa (Dutch Sun roof manufacturing company) has led to expansion in the export mix. In the last 9 months the JV has given a topline growth of 10-12% respectively. The consolidated revenue has grown by 24% for Q3FY25.

Outlook & Valuation

Gabriel's expansion in the EV space will support volume growth in the long run with the new strategy and subsidiary "ANEVOLVE" EV to expand EV products through partnerships. In addition, the expansion in the sunroof business with Inalfa and leveraging the existing relationship to enhance global footprint is likely to support overall valuation. To align with the companies growth strategy, GBL has also recently acquired the machinery of Marelli Motherson Auto suspension for a consideration of Rs.~60cr. The company has established in 2014 to manufacture suspension components. However, we believe the stock is currently trading at a premium compared to its long term average and expect most of the positivity has been factored in the price. **On a 1 yr fwd. basis the stock is trading at 24x which is slightly expensive. We rollover and value the stock on SOTP basis, GBL India at Rs. 388 (20x FY27E EPS and Inalfa JV at Rs 57) and recommend Sell rating at CMP, with a revised target price of Rs.445.**

Quarterly Financials (Standalone)

Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	924	814	13.6	924	0.0	2,712	2,484	9.2
EBITDA	78	70	11.7	79	-0.9	235	213	10.6
Margin (%)	8.5	8.6	-14bps	8.6	-8bps	8.7	8.6	11bps
EBIT	63	56	12.5	63	-0.9	189	172	10.0
PBT	71	59	19.2	70	1.0	210	181	15.9
Rep. PAT	54	43	25.6	53	2.4	158	133	18.3
Adj PAT	54	43	25.6	53	2.4	158	133	18.3
EPS (Rs)	3.8	3.0	25.6	3.7	2.4	11.0	9.3	18.3



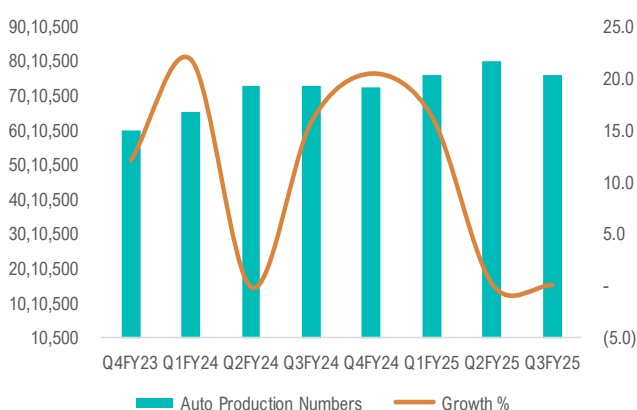
Key Concall Highlights

- The weakness in the European market to dampen the overall export outlook for near term.
- GIL foresees the replacement of FAME with the PM E-Drive program that has reduced the direct subsidies per vehicle, which has led to the decline in the overall two-wheeler volumes
- On the two-wheeler side, the company saw YoY growth of 7%. This was led primarily by the scooters at 13% and followed by motorcycles at 4.5%. The three-wheeler demand, however, saw a muted growth.
- GIL acquisition has added an additional capacity of 3.2 million shock absorbers and 1 million gas spring units. A gas spring will actually be a new product line.
- The decline in the CV sales was due to lower industrial activity and election year.
- GIL has improved the mix in 2W by 61% to 64%. The company also witnessed strong export in the Latin American market and in the aftermarket sales. Partnership with Inalfa in the sunroof business is to yield result.
- The company's target EBITDA margin is to be in the range of 12-14% respectively for the next 2 years.

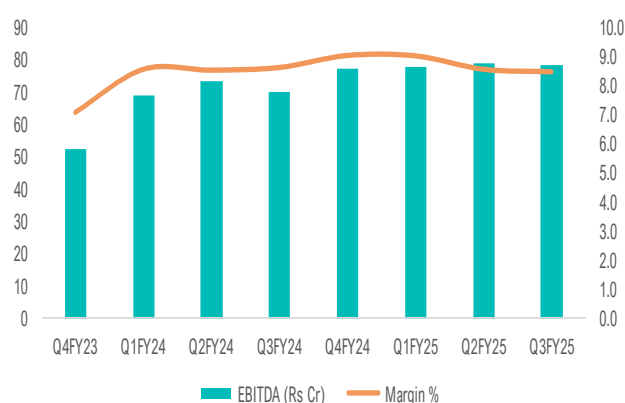
Revenue



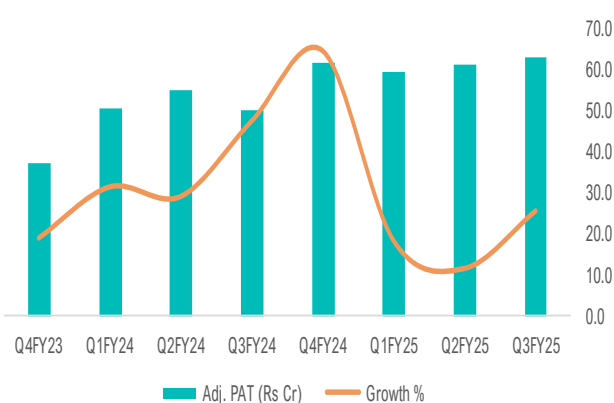
Auto Production Numbers



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	3,743	4,195	3,686	4,126	-1.5	-1.6
EBITDA	333	382	321	363	-3.7	-5.0
Margins (%)	8.9	9.1	8.7	8.8	-20bps	-30bps
Adj. PAT	213	247	217	245	1.7	-0.8
EPS	14.9	17.2	15.1	17.1	1.3	-0.8



Standalone Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	2,972	3,343	3,686	4,126	4,695
% change	27%	12%	10%	12%	14%
EBITDA	214	290	321	363	408
% change	46%	36%	11%	13%	12%
Depreciation	48	55	62	67	72
EBIT	165	233	258	295	335
Interest	5	5	4	5	5
Other Income	17	22	33	37	42
PBT	178	250	287	327	372
% change	41%	41%	15%	14%	14%
Tax	46	65	70	82	93
Tax Rate (%)	26%	26%	25%	25%	25%
Reported PAT	132	185	217	245	279
Adj*	0	0	0	0	0
Adj PAT	132	185	217	245	279
% change	48%	40%	17%	13%	14%
No. of shares (cr)	14.4	14.4	14.4	14.4	14.4
Adj EPS (Rs.)	9.2	12.9	15.1	17.1	19.4
% change	48%	40%	17%	13%	14%
DPS (Rs.)	1.9	1.9	1.9	1.9	1.9
CEPS (Rs.)	0.0	0.0	0.0	0.0	0.0

CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	225	305	349	394	444
Non-cash adj.	0	0	0	0	0
Changes in W.C	-48	19	-22	-153	-120
C.F. Operation	178	326	328	242	326
Capital exp.	-51	-80	-80	-80	-80
Change in inv.	34	0	0	0	0
Other invest.CF	0	0	0	0	0
C.F – Investment	-21	-80	-80	-81	-80
Issue of equity	0	0	0	0	0
Issue/repay debt	0	0	0	0	0
Dividends paid	-21	-27	-27	-27	-27
Other finance.CF	0	0	0	0	0
C.F – Finance	-21	-27	-27	-27	-27
Chg. in cash	137	219	221	134	218
Closing cash	255	473	694	828	1,046

BALANCE SHEET

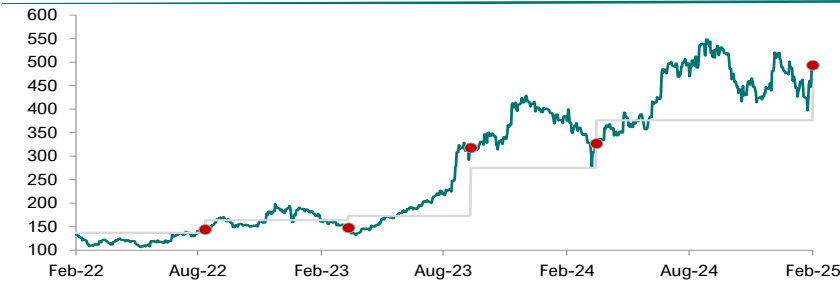
Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	255	473	694	828	1,046
Accounts Receivable	448	504	505	565	643
Inventories	261	288	302	339	386
Other Cur. Assets	110	0	136	153	174
Investments	50	50	50	50	50
Gross Fixed Assets	831	911	991	1,071	1,151
Net Fixed Assets	287	311	329	342	350
CWIP	35	35	35	35	35
Intangible Assets	4.02	2.81	1.60	1.37	0.11
Def. Tax (Net)	0	0	0	0	0
Other Assets	0	0	0	0	0
Total Assets	1,449	1,788	2,054	2,313	2,684
Current Liabilities	430	595	656	678	772
Provisions	41	46	50	57	64
Debt Funds	1	1	1	1	1
Other Liabilities	95	105	116	130	148
Equity Capital	14	14	14	14	14
Reserves & Surplus	869	1,026	1,216	1,433	1,685
Shareholder's Fund	882	1,040	1,230	1,447	1,699
Total Liabilities	1,449	1,788	2,054	2,313	2,684
BVPS (Rs.)	61	72	86	101	118

RATIOS

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	7.2	8.7	8.7	8.8	8.7
EBIT margin (%)	5.5	7.0	7.0	7.1	7.1
Net profit mgn.(%)	4.4	5.5	5.9	5.9	5.9
ROE (%)	16.0	19.3	19.1	18.3	17.7
ROCE (%)	12.4	14.5	14.4	13.8	13.4
W.C & Liquidity					
Receivables (days)	51.0	51.9	49.9	47.3	47.0
Inventory (days)	37.9	40.0	39.1	37.8	37.6
Payables (days)	72.9	74.7	82.8	78.8	75.2
Current ratio (x)	2.3	2.2	2.3	2.6	2.7
Quick ratio (x)	1.6	1.6	1.8	2.1	2.2
Turnover & Leverage					
Gross asset T.O (x)	3.7	3.8	3.9	4.0	4.2
Total asset T.O (x)	2.1	2.1	1.9	1.9	1.9
Int. coverage ratio (x)	36.0	42.9	66.1	55.4	63.0
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	1.5	1.3	1.2	1.1	1.0
EV/EBITDA (x)	21.0	15.5	14.0	12.3	11.0
P/E (x)	33.9	24.2	20.7	18.3	16.1
P/BV (x)	5.1	4.3	3.6	3.1	2.6



Recommendation Summary (Last 3 years)



Dates	Rating	Target
16.Aug.22	Accumulate	164
17.Mar.23	Buy	173
15.Sept.23	Sell	275
20.Mar.24	Accumulate	376
07.Feb.25	Sell	445

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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