

Retail Equity Research

Gabriel India Ltd

Auto Ancillaries

CMP Rs. ₹ 589

Rating: Overweight

NSE CODE: GABRIEL BSE CODE: 505714

Gabriel India reported stable Q3 FY25 performance, with sales reaching ₹924.18 crores, reflecting a flat QoQ trend. Despite a 4% YoY rise, sales momentum has moderated post-September's 7% growth. Operating profit remained steady at ₹78.39 crores, though it declined marginally by 1% QoQ, indicating higher cost pressures.

Expenses increased sequentially, limiting margin expansion. However, a notable rise in other income (₹9.37 crores) supported profitability. Net profit stood at ₹53.97 crores, up 2% QoQ, despite elevated depreciation and interest costs.

Industry-wide headwinds, including sluggish commercial vehicle demand and delayed infrastructure spending, may pose near-term challenges. However, Gabriel's strategic acquisitions and growing sunroof business could drive long-term growth.

Company Data

Market Cap (cr)	Rs.	8,197.04
Enterprise Value (cr)	Rs.	4,731.16
Outstanding Shares (cr)		14.36
52 week high	Rs.	587.00
52 week low	Rs.	318.00
1m average volume (lacs)		8.57
Face value	Rs.	1.00

	FY22	FY23	FY24
Sales	2331.99	2971.74	3342.65
Growth(%)	38%	27%	12%
EBITDA	172.09	231.08	312.06
EBITDA Margin(%)	7.4%	7.8%	9.3%
PAT	89.52	132.35	185.16
Growth(%)	49%	48%	40%
EPS	6.2	9.2	12.9
P/E	18.0	14.8	25.9
P/B	2.1	2.2	4.8
EV/EBITDA	9.1	8.0	15.2
ROE(%)	12%	15.2%	18%
ROCE(%)	17%	20.7%	25.1%
ROIC(%)	13%	16.9%	21.3%
D/E	0.02	0.01	0.01

1. Strategic Acquisition and Expansion: Gabriel India acquired assets from Motherson Marelli Auto Suspension Parts (MMAS), adding 3.2 million shock absorbers and 1 million gas springs to its capacity. This strengthens its suspension market position and introduces gas springs as a new product line. A technology assistance agreement with Marelli Suspension Systems Italy enhances its offerings.

2. Financial Performance and Industry Trends: Gabriel India's Q3 FY25 revenue grew 14% YoY to ₹924 crores, driven by higher two-wheeler and passenger vehicle volumes. EBITDA stood at 8.6%, while Inalfa Gabriel Sunroof Systems earned ₹92 crores with 6.7% PAT margins. Passenger vehicle and two-wheeler sales grew 6.6% and 7% YoY, respectively, while commercial vehicles saw muted 2.2% growth due to delayed government funds.

3. Future Outlook and Market Opportunities: Gabriel is developing semi-active suspension technology and plans further acquisitions. Sunroof production capacity will double by 2025 to meet rising demand. The company expects sustainable sunroof margins of 12-14% by FY26 and remains focused on leveraging acquisitions and synergies to drive profitability despite commercial vehicle challenges.

Key Highlights

Company Overview

Gabriel India Ltd., a subsidiary of the ANAND Group, is a leading manufacturer of ride control products, catering to Original Equipment Manufacturers (OEMs), the Aftermarket, and export markets. The company offers over 500 models of products, including shock absorbers, struts, and front forks, and has established a strong presence in all automotive segments.

Market Position

The company is a significant player in the 2 & 3-wheeler segment, having commenced manufacturing of shock absorbers and front forks in 1990. It is among the top three players in the two-wheeler segment and a market leader in the three-wheeler segment. In the passenger car segment, Gabriel India is a preferred source for struts and shock absorbers for most OEMs and holds a major share in the aftermarket segment. The company is also a dominant force in the commercial vehicle and railway sector, boasting an 89% market share and being the first indigenous manufacturer to develop dampers for Rajdhani, Shatabdi (LHB), and Vande Bharat coaches.

Revenue Breakdown

In terms of revenue mix for Q3FY24, the company derived 61% of its revenue from the 2 & 3-wheeler segment, 24% from passenger vehicles (with utility vehicles contributing ~65% of this segment), 13% from commercial vehicles and railways, and 2% from trading. The channel mix consists of 86% revenue from OEMs, 12% from replacements, and 2% from exports. In the aftermarket segment, 41% of revenue comes from 2 & 3-wheelers, 37% from passenger vehicles, 10% from commercial vehicles and railways, and 12% from trading.

Market Share and Manufacturing Facilities

Gabriel India commands a market share of 32% in the 2 & 3-wheeler segment, 24% in passenger vehicles (with a 35% share in the utility vehicle segment), 89% in commercial vehicles and railways, and approximately 40% in the aftermarket segment. The company operates seven manufacturing facilities along with three satellite plants located in Manesar, Aurangabad, and Hosur. Its production units are strategically positioned in Parwanoo, Khandsa, Dewas, Nashik, Sanand, Chakan, and Hosur, with a dedicated IGSSPL plant in Chennai for sunroof manufacturing.

Export Contribution

Exports currently contribute only 2% to the company's total revenue, with 63% of export sales coming from OEMs and 37% from the aftermarket segment. Geographically, Europe accounts for ~32% of export revenues, followed by South America (26%), Asia (21%), Africa (8%), the USA (7%), Australia (5%), and North America (1%). The company is actively working to expand its aftermarket presence in Latin America, Africa, and North America.

Research and Development

Gabriel India has three research and development (R&D) centers located in Chakan, Hosur, and Nashik, where it focuses on innovation and new product development. The company allocated approximately 1% of net sales for R&D activities in FY22, with cumulative spending of ~₹140 crore from FY16 to FY22. As of Q3FY24, the company has filed for 75 patents, of which six have been granted.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	813.81	858.63	864.23	924.01	924.18
Growth(%)	-6%	6%	1%	7%	0%
Expenses	743.60	781.06	786.27	844.87	845.79
Operating Profit	70.21	77.57	77.96	79.14	78.39
Growth(%)	-5%	10%	1%	2%	-1%
Other Income	4.53	7.92	7.35	7.41	9.37
Depreciation	14.40	14.31	15.33	15.81	15.63
Interest	1.00	1.23	0.87	0.71	1.36
Profit before tax	59.34	69.95	69.11	70.03	70.77
Tax	16.38	17.25	17.95	17.34	16.80
Net profit	42.96	52.71	51.16	52.69	53.97
Growth(%)	-9%	18%	-3%	3%	2%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	1,869.96	1,694.83	2,331.99	2,971.74	3,342.65
Growth(%)	-10%	-9%	38%	27%	12%
Expenses	1,732.16	1,592.30	2,186.03	2,758.05	3,052.73
Operating Profit	137.80	102.53	145.96	213.69	289.92
Growth(%)	-23%	-26%	42%	46%	36%
Other Income	9.70	24.31	26.13	17.39	22.14
Depreciation	43.65	42.39	41.36	48.59	56.58
Interest	3.58	6.55	4.27	4.59	5.44
Profit before tax	100.27	77.90	126.46	177.90	250.04
Tax	15.56	17.63	36.94	45.55	64.88
Net profit	84.71	60.27	89.52	132.35	185.16
Growth(%)	-11%	-29%	49%	48%	40%

Balance Sheet

(Rs Cr)

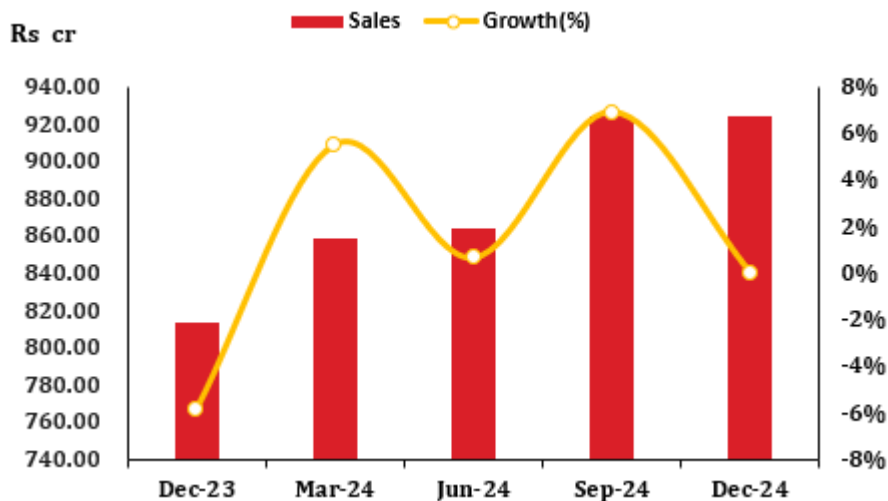
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	14.36	14.36	14.36	14.36	14.36
Reserves	637.42	681.95	752.42	855.90	994.29
Borrowings	8.91	14.68	12.90	11.16	10.26
Other Liabilities	320.40	484.52	573.42	546.58	593.12
Total	981.09	1,195.51	1,353.10	1,428.00	1,612.03
Net Block	348.63	352.66	385.44	420.33	434.05
Capital Work in Progress	19.61	27.72	20.34	35.06	54.78
Investments	35.18	15.17	83.80	79.54	132.14
Other Assets	577.67	799.96	863.52	893.07	991.06
Total	981.09	1,195.51	1,353.10	1,428.00	1,612.03

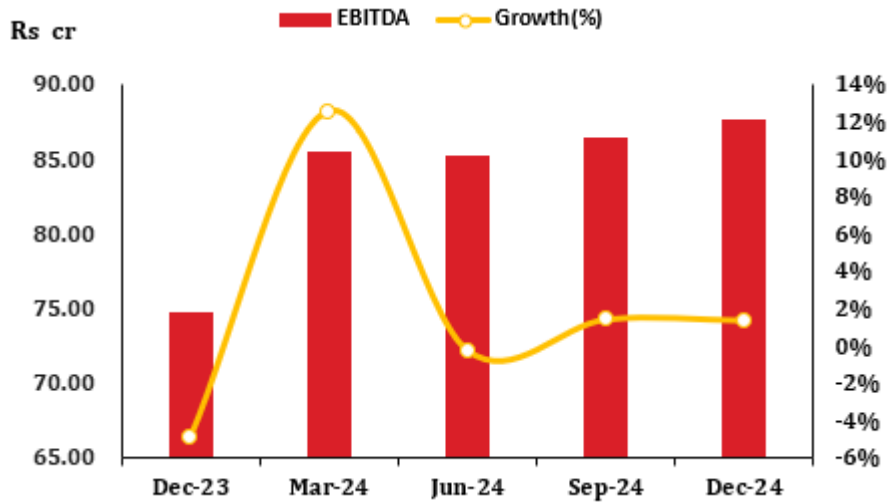
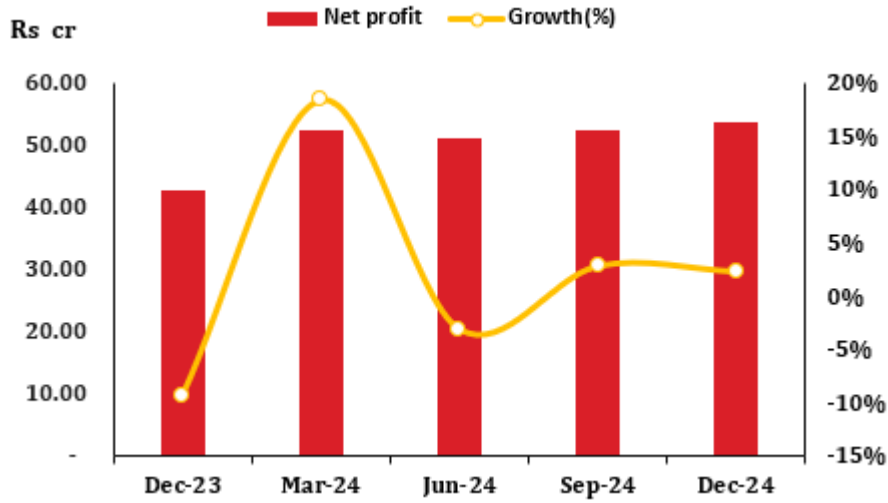
Cash Flow

(Rs Cr)

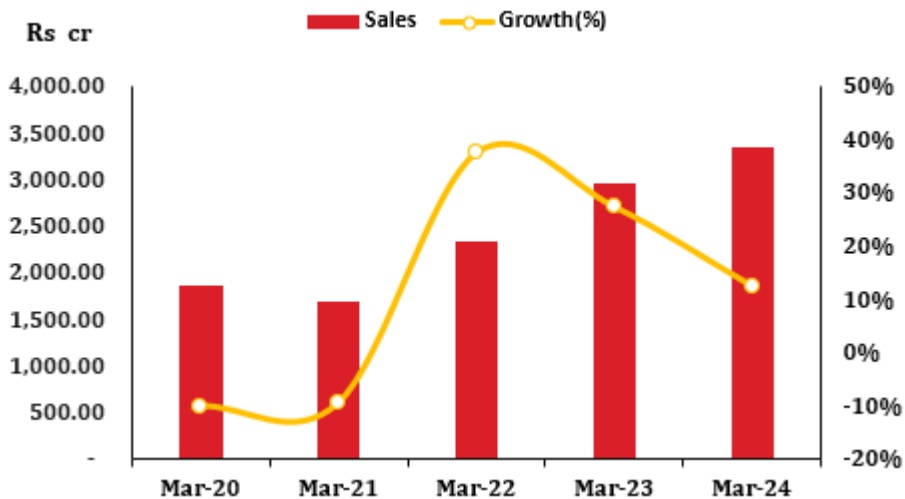
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	120.13	203.88	95	136.36	188.89
Cash from Investing Activity	-96.22	-170.14	-42.79	-103.83	-119.73
Cash from Financing Activity	-27.85	-21.69	-24.11	-33.7	-52.33
Net Cash Flow	-3.94	12.05	28.1	-1.17	16.83

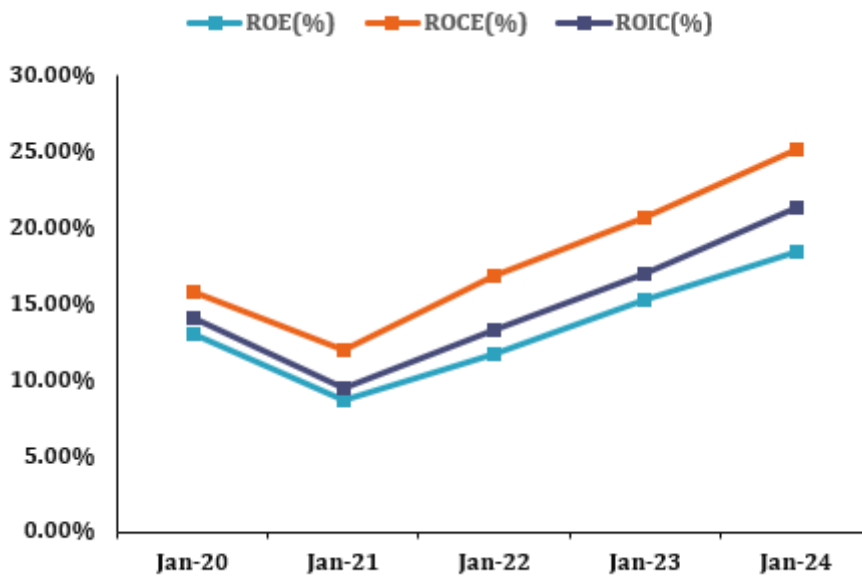
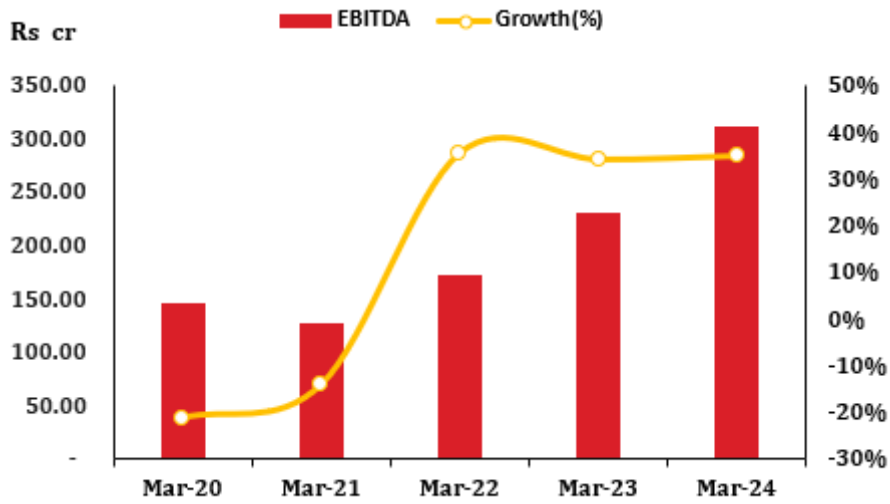
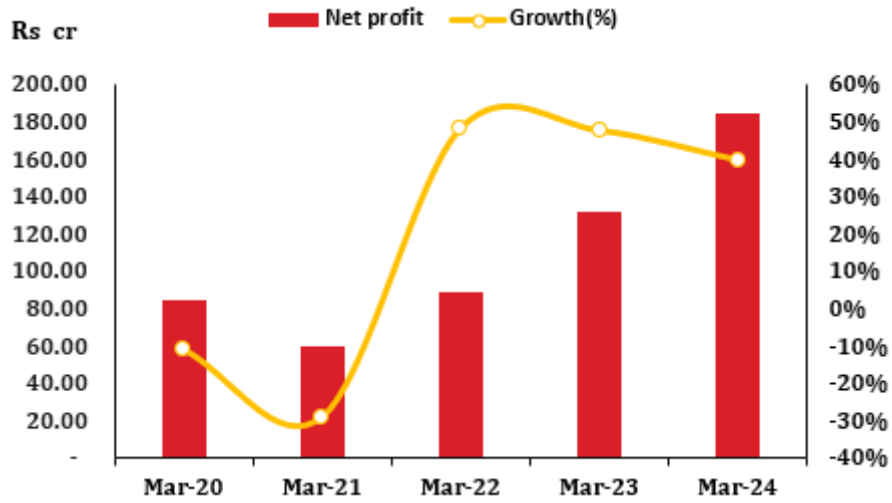
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.01	0.02	0.02	0.01	0.01
Debt/Assets	0.01	0.01	0.01	0.01	0.01
Debt/Ebitda	0.06	0.12	0.07	0.05	0.03
Debt/Capital Ratio	1%	2%	2%	1%	1%
Cash flow/Debt	13.48	13.89	7.36	12.22	18.41
Interest coverage ratio	29.01	12.89	30.62	39.76	46.96
Sales Change	-10%	-9%	38%	27%	12%
Ebit Change	-29%	-19%	55%	40%	40%
Operating Leverage	2.27	2.73	1.13	1.69	2.86
Financial Leverage	1.51	1.72	1.76	1.64	1.60
Efficiency ratios					
Receivable days	46	60	60	47	49
Receivable turnover	8.02	6.07	6.10	7.74	7.38
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	11	8	10	12	13
Net Fixed assets turnover	5.36	4.81	6.05	7.07	7.70
Sales/capital employed	2.83	2.38	2.99	3.37	3.28
Total Asset Turnover	1.91	1.42	1.72	2.08	2.07
Profitability ratios					
Ebitda	147.5	126.84	172.09	231.08	312.06
Ebitda margin	8%	7%	7%	8%	9%
Gross Profit	370.59	343.68	433.65	556.68	678.67
Gross Profit Margin	20%	20%	19%	19%	20%
EBIT	103.85	84.45	130.73	182.49	255.48
EBIT Margin	6%	5%	6%	6%	8%
ROE	13%	9%	12%	15%	18%
Net profit margin	5%	4%	4%	4%	6%
EPS	5.90	4.20	6.23	9.22	12.89
DU Pont ROE	13%	9%	12%	15%	18%
Net Profit Margin	5%	4%	4%	4%	6%
Sales/Total assets	1.91	1.42	1.72	2.08	2.07
Financial Leverage	1.51	1.72	1.76	1.64	1.60
DU PONT ROA	9%	5%	7%	9%	11%
Net Profit Margin	5%	4%	4%	4%	6%
Sales/Total assets	1.91	1.42	1.72	2.08	2.07

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	13%	6%	10%	16%	20%
EBIT Margin	6%	5%	6%	6%	8%
Sales/cap employed	2.83	2.38	2.99	3.37	3.28
NOPAT	87.73	65.34	92.54	135.76	189.19
Capital employed	660.69	710.99	779.68	881.42	1018.91
ROIC	13%	9%	12%	15%	19%

Valuation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Price/Earnings	9.04	24.58	17.95	14.76	25.89
Price/Book	1.17	2.13	2.10	2.24	4.75
Marketcap	765.39	1,481.23	1,606.88	1,953.68	4,794.09
Enterprise Value	717.64	1,404.88	1,565.21	1,857.39	4,731.16
EV/EBITDA	4.87	11.08	9.10	8.04	15.16

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