

Gabriel India: Shifting Gears Toward High-Margin Horizons

May 22, 2025 CMP: INR 660 | Target Price: INR 630

Expected Share Price Return: (5.0)% | Dividend Yield: 0.6% | Potential Upside: (4.6)%

Sector View: Neutral

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✓

Company Info	
BB Code	GABR IN EQUITY
Face Value (INR)	1.0
52 W High/Low (INR)	690/335
Mkt Cap (Bn)	INR 95.1 / \$1.1
Shares o/s (Mn)	143.6
3M Avg. Daily Volume	5,97,992

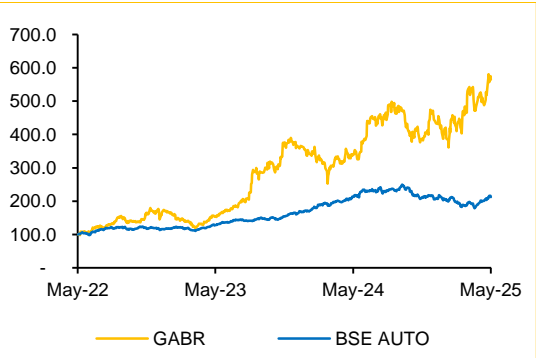
Change in CEBPL Estimates						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	47.5	46.1	2.9	54.5	53.0	2.9
EBITDA	4.6	4.5	2.9	5.6	5.4	2.9
EBITDAM%	9.7	9.7	0bps	10.2	10.2	0bps
PAT	2.9	2.9	1.2	3.6	3.5	2.0
EPS	20.4	20.1	1.2	25.1	24.6	2.0

Actual vs Consensus			
INR Bn	Q4FY25A	Consensus	Dev. %
Revenue	10.7	10.3	4.7
EBITDA	1.1	0.9	23.7
EBITDAM %	10.1	8.6	156bps
PAT	0.6	0.6	10.6

Key Financials					
INR Bn	FY23	FY24	FY25	FY26E	FY27E
Revenue	29.7	34.0	40.6	47.5	54.5
YoY (%)	27.4	14.5	19.4	16.9	14.9
EBITDA	2.1	2.9	3.9	4.6	5.6
EBITDAM %	7.2	8.6	9.6	9.7	10.2
Adj PAT	1.3	1.8	2.4	2.9	3.6
EPS	9.2	12.4	17.1	20.4	25.1
ROE %	15.2	17.8	20.7	20.9	21.5
ROCE %	18.7	21.6	24.6	24.9	25.8
PE(x)	48.9	36.2	26.4	22.1	18.0
EV/EBITDA	30.2	22.2	16.7	14.1	11.7

Shareholding Pattern (%)			
	Mar-25	Dec-24	Sep-24
Promoters	55.00	55.00	55.00
FIIs	5.23	5.33	5.50
DIIIs	14.67	13.46	12.88
Public	25.10	26.21	26.62

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Auto	111.9	65.4	(0.7)
GARB	464.0	264.0	66.0



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Q4FY25: Revenue and PAT Beat Estimates; EBITDA Margins Significantly Ahead of Expectations

- Revenue up 17.0% YoY and 5.6% QoQ to INR 10,732 Mn (vs consensus est. at INR 10,252 Mn).
- EBITDA up 35.1% YoY and 18.9% QoQ to INR 1,088 Mn (vs consensus est. at INR 879 Mn). EBITDA margin up 136bps YoY and 114bps QoQ to 10.1% (vs consensus est. at 8.6%).
- APAT up 31.2% YoY and 7.1% QoQ to INR 644 Mn (vs consensus est. at INR 582 Mn).

**Sunroof Business Expansion and Strategic Diversification:** The sunroof business is experiencing strong demand, and the company is set to double its existing capacity to 400K units per year by H2FY25 within existing facilities, supported by strong demand. Although no new orders were secured in the previous quarter, it has a robust pipeline and is in advanced discussions with several customers, including those in western India, where it may set up a new facility. Diversification into the sunroof segment, which offers higher EBITDA margins in the range of 12-14% compared to 8–9% percent for suspension systems, has improved the company's overall margin profile and reduced its reliance on a single product line.

**Diversified Bets into High-Growth and Margin-Accretive Niches:** Gabriel India is strategically expanding into two high-growth and margin-accretive segments, Solar Dampers and E-Bike components, which together are expected to generate over INR 4,000 Mn in revenue over the next two years. The solar damper business, driven by rising global adoption of solar trackers and a robust 15 percent CAGR, offers 2–3x higher price realization and better margins compared to conventional dampers, with production expected to commence in FY26. The e-bike segment, supported by product development collaborations with leading European OEMs, is also expected to contribute INR 2,000 Mn in revenue, targeting a share of the \$ 2 Bn global market. We estimate that by FY27, the combined contribution from these new businesses could account for approximately 2.5–3% of GARB overall revenues.

**View and Valuation:** Gabriel India's strategic push into high-growth, premium segments such as sunroofs, solar dampers, and e-bike components is expected to meaningfully diversify its revenue base and enhance its margin profile. The sunroof business is scaling up on the back of strong demand, while new adjacencies are projected to contribute ~2.5–3% of FY27 revenues. The improving product mix—driven by higher realization and better-margin offerings—is likely to drive EBITDA margin expansion of up to 60 bps over the medium term. These structural shifts support steady earnings upgrades and reinforce long-term growth visibility. We revise our FY26/27 EPS estimates upward by 1.2%/2.0% and raise our target multiple to 25x FY27E EPS, arriving at a revised target price of INR 630. We assign 'REDUCE' rating to the stock given the limited near-term upside.

**Upside Risk:** Faster-than-anticipated scaling of new business verticals could materially exceed our current revenue and margin assumptions. Any significant outperformance in these segments may drive meaningful earnings upgrades and potentially lead to re-rating of the stock.

GARB	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Net Sales	10,732	9,170	17.0	10,166	5.6
Material Expenses	7,925	6,909	14.7	7,557	4.9
Gross Profit	2,807	2,261	24.2	2,609	7.6
EBITDA	1,088	805	35.1	915	18.9
EBIT	850	628	35.4	721	18.0
PBT	874	664	31.7	785	11.3
RPAT	644	490	31.2	601	7.1
APAT	644	490	31.2	601	7.1
Adj EPS (INR)	4.5	3.4	31.2	4.2	7.1

Margin Analysis	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Gross Margin (%)	26.2	24.7	150.2	25.7	49.0
EBITDA Margin (%)	10.1	8.8	135.7	9.0	113.6
Tax Rate (%)	26.4	26.1	25.5	23.5	291.9
APAT Margin (%)	6.0	5.3	64.9	5.9	8.4

- The global market for solar dampers is expected to reach around \$326 Mn by calendar year 2030 and the expected annual growth rate for this market is around 15% annually.
- The global e-bike market is potentially more than a \$2 Mn kind of a market.

## Management Call - Highlights

### Solar Dampers

- Management is looking at this business being over 2,000 Mn in the next two years.
- The price realization for solar dampers can range from \$10 to \$60-\$70 per unit offering 2–3x price realization over conventional dampers, along with superior margins.
- Production for this product is expected to start in FY26.

### Sunroof

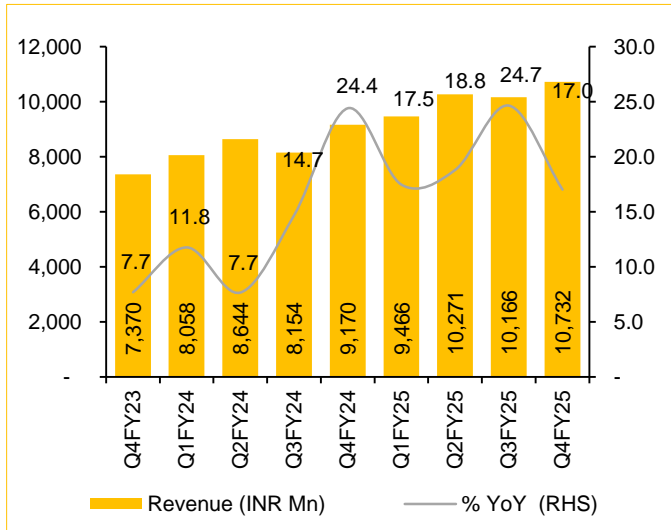
- Company plan to double their sunroof production capacity by the second half of FY'25 to meet growing demand.
- They already have an order pipeline for three lines.

### E-Bikes

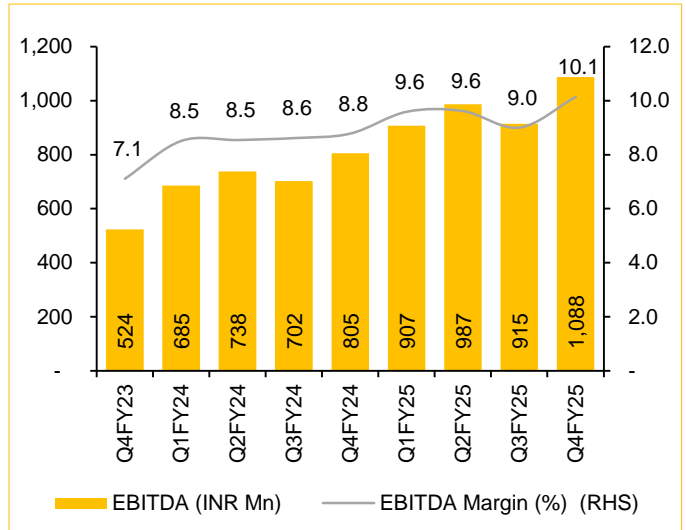
- Gabriel India is in advanced discussions with customers in the e-bike sector, specifically with leading manufacturers of these bikes in Europe.
- Management expects revenue of around 2,000 Mn in the next couple of years from the e-bike business with good margins.

### Financial Performance

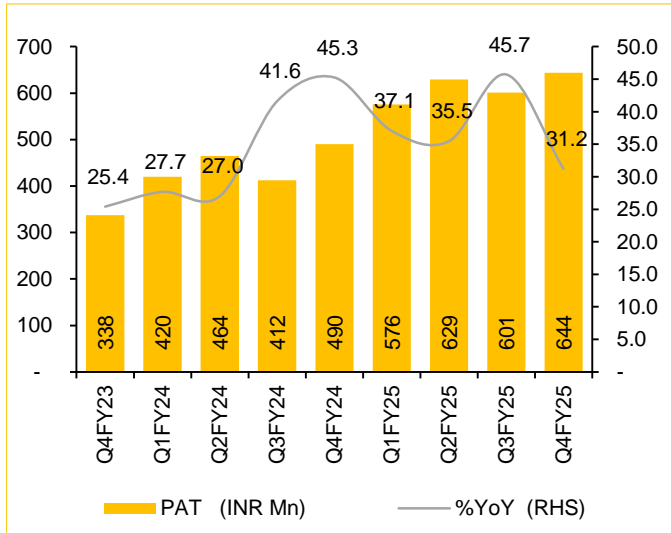
- Standalone operating revenue rose by 8.4% year on year to 991 crores in Q4FY25, supported by higher volumes and strong sales performance across all segments.
- Regarding the Marelli acquisition, in the short term, Company is looking at a top line of anywhere between 2,000 to 2,500 Mn.

Revenue grew 17.0% on YoY a basis

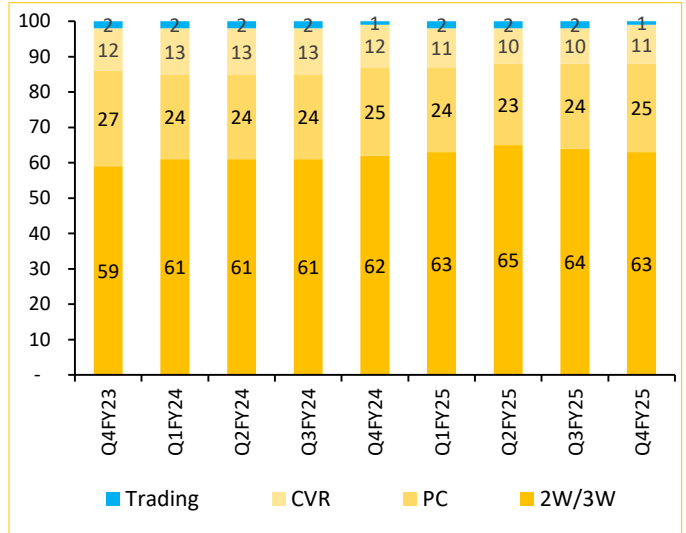
Source: Company, CEBPL

EBITDA Margin improved 136bps on a YoY basis

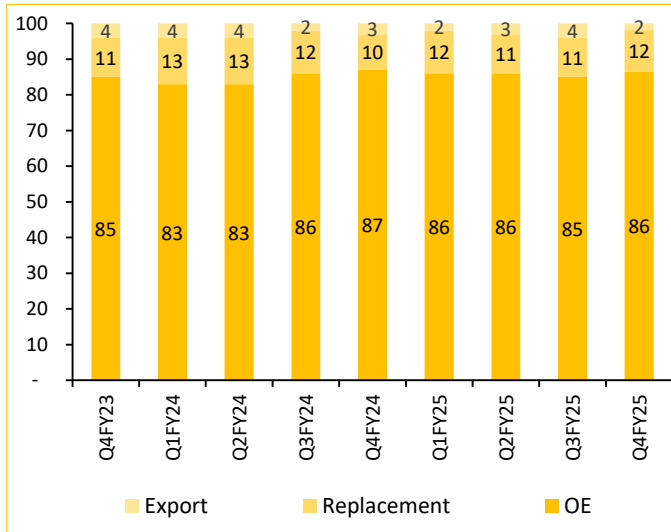
Source: Company, CEBPL

PAT grew 31.2% on YoY a basis

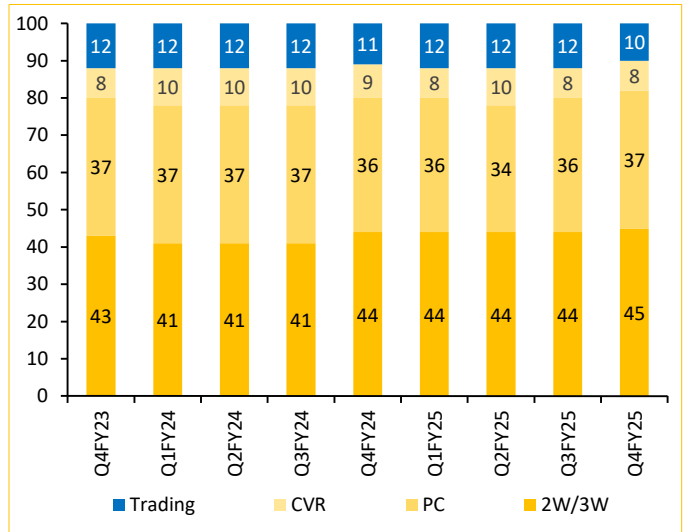
Source: Company, CEBPL

Segment Mix (%)

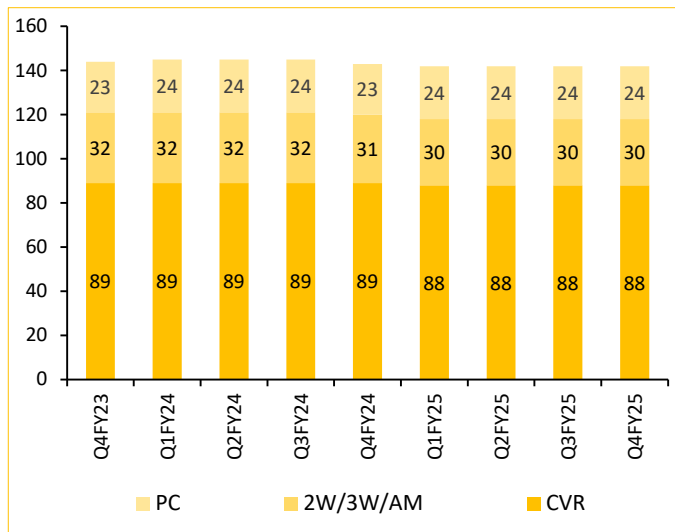
Source: Company, CEBPL

Channel Mix (%)

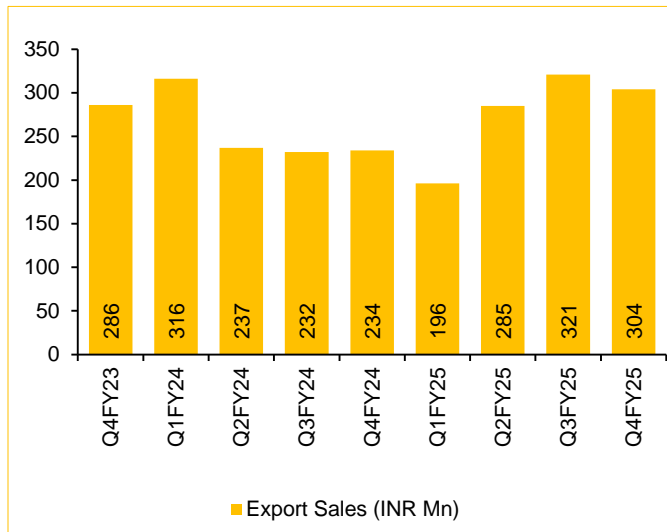
Source: Company, CEBPL

Aftermarket Mix (%)

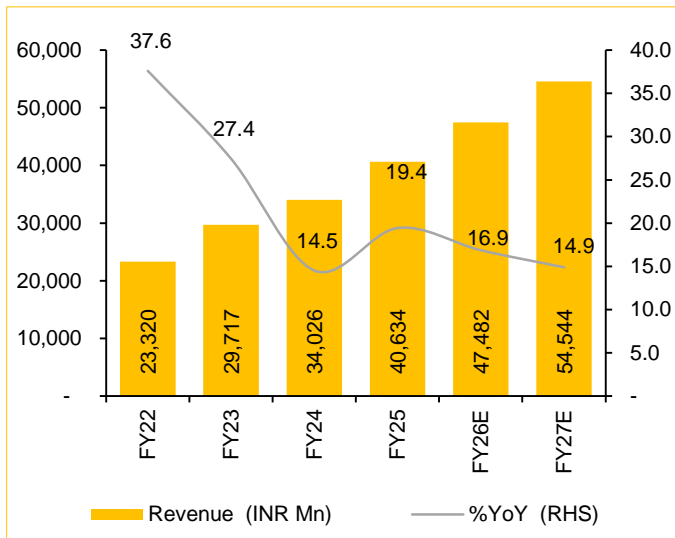
Source: Company, CEBPL

Segment wise market share (%)

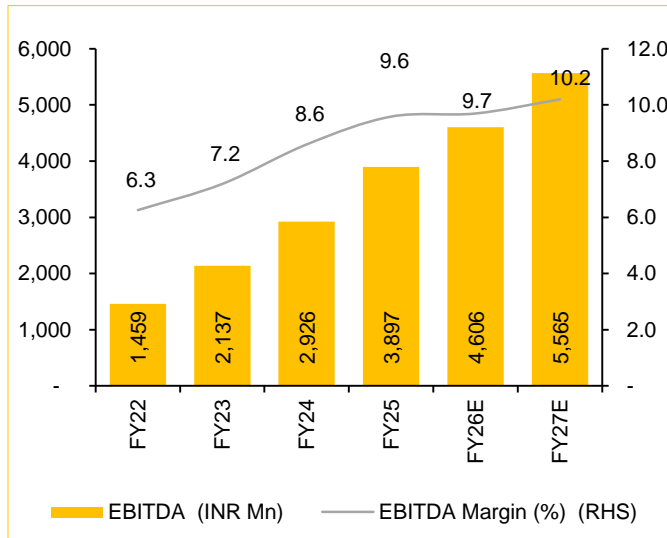
Source: Company, CEBPL

Export grew 29.9% on YoY a basis

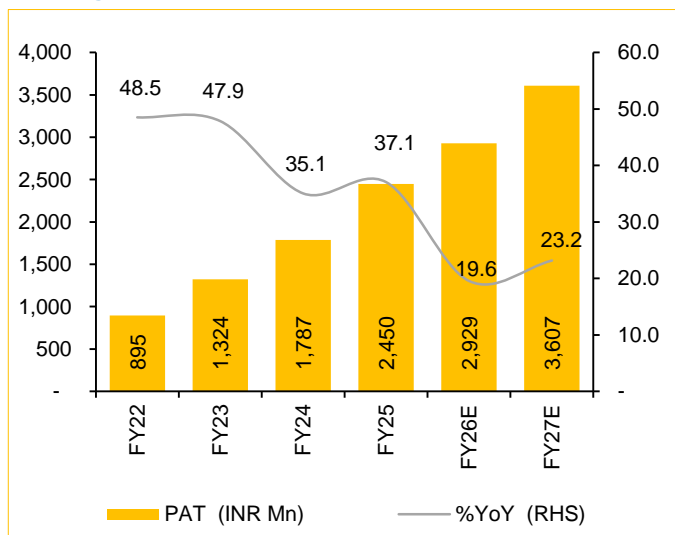
Source: Company, CEBPL

Revenue to grow at 15.9% CAGR over FY25-27E

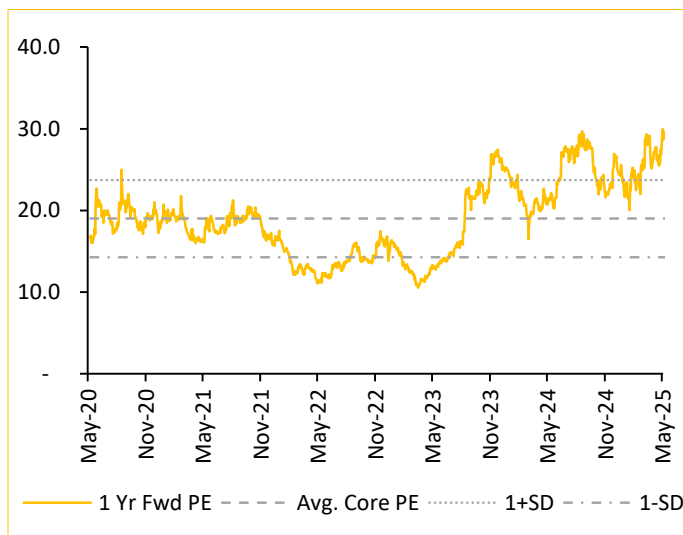
Source: Company, CEBPL

EBITDA to grow at 19.5% CAGR over FY25-27E

Source: Company, CEBPL

PAT to grow at 21.3% CAGR over FY25-27E

Source: Company, CEBPL

1 Year Forward PE Band

Source: Company, CEBPL

Income Statement (INR Mn)

Particular	FY23	FY24	FY25	FY26E	FY27E
Revenue	29,717	34,026	40,634	47,482	54,544
Gross profit	7,029	8,509	10,524	12,345	14,402
EBITDA	2,137	2,926	3,897	4,606	5,565
Depreciation	486	599	813	935	1,058
EBIT	1,651	2,327	3,084	3,670	4,507
Interest Expenses	46	82	102	102	102
Other Income	174	194	260	260	310
Exceptional Item	-	-	-	-	-
Reported PAT	1,324	1,787	2,450	2,929	3,607
Adjusted PAT	1,324	1,787	2,450	2,929	3,607
EPS	9.2	12.4	17.1	20.4	25.1
NOPAT	1,228	1,706	2,331	2,808	3,448

Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	27.4	14.5	19.4	16.9	14.9
EBITDA	46.4	36.9	33.2	18.2	20.8
PAT	47.9	35.1	37.1	19.6	23.2
Margins (%)					
EBITDA	7.2	8.6	9.6	9.7	10.2
PAT	4.5	5.3	6.0	6.2	6.6
Profitability (%)					
ROE	15.2	17.8	20.7	20.9	21.5
ROCE	18.7	21.6	24.6	24.9	25.8
RoIC(Post tax) %	15.2	17.7	20.5	20.9	21.7
ROIC(Pre tax) %	20.5	24.2	27.1	27.4	28.3
Working Capital					
Inventory Days	28	32	33	30	31
Debtor Days	47	53	54	51	52
Payable Days	54	63	56	57	57
Cash Conversion Cycle	38	33	40	34	38
Valuation metrics					
PE(x)	72	53	39	32	26
EV/EBITDA (x)	44	32	24	21	17
Price to BV (x)	10.9	9.5	8.0	6.8	5.6
EV/OCF (x)	69	54	47	24	27

Source: Company, CEBPL

Balance Sheet (INR Mn)

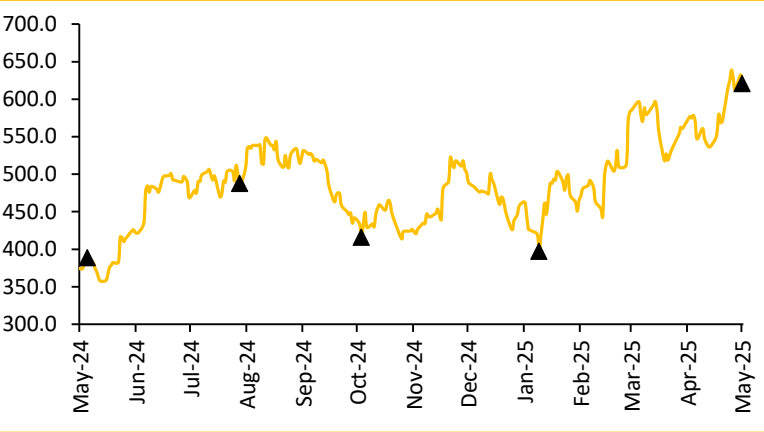
Particular	FY23	FY24	FY25	FY26E	FY27E
Net worth	8,703	10,022	11,833	14,043	16,789
Minority Interest	-	-	-	-	-
Deferred Tax	159	133	106	116	128
Total Debt	112	750	691	691	691
Other Liabilities & Provisions	131	138	181	181	181
Total Net Worth & Liabilities	9,105	11,042	12,810	15,031	17,788
Net Fixed Assets	4,048	4,924	5,973	6,537	6,979
Capital Work in Progress	351	563	759	759	759
Investments	859	1,090	447	1,520	2,027
Cash & Bank Balance	398	599	378	564	801
Loans & Advances & Other Assets	383	834	794	1,209	1,497
Net Current Assets	3,464	3,632	4,837	5,005	6,526
Total Assets	9,105	11,042	12,810	15,031	17,788

Cash Flows (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Cash Flows From Operations	1,364	1,766	2,038	3,984	3,483
Cash Flows From Investing	(1,038)	(1,286)	(1,488)	(2,989)	(2,294)
Cash Flows From Financing	(337)	(279)	(809)	(809)	(952)

DuPont Analysis (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
ROE (%)	15.2%	17.8%	20.7%	20.9%	21.5%
Net Profit Margin (%)	4.5%	5.3%	6.0%	6.2%	6.6%
Asset Turnover	3.3	3.1	3.2	3.2	3.1
Financial Leverage	1.0	1.1	1.1	1.1	1.1

Source: Company, CEBPL

Historical Price Chart: GARB



Date	Rating	Target Price
February 02, 2024	ADD	395
May 25, 2024	BUY	456
August 17, 2024	BUY	548
October 24, 2024	BUY	529
January 30, 2025	BUY	565
May 14,2025	ADD	5,885

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months

Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months

Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change

Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be stable over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

\*Large Cap: More Than INR 20,000 Cr Market Cap  
\*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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